DEPARTMENT OF LABOR

Office of Labor-Management Standards

29 CFR Part 401

RIN 1245–AA08

Labor Organization Annual Financial Reports: Coverage of Intermediate Bodies

AGENCY: Office of Labor-Management Standards, Department of Labor.

ACTION: Proposed rule and request for comments.

SUMMARY: The Department of Labor (Department) proposes to promulgate a rule governing intermediate bodies that are wholly composed of public sector organizations but are subordinate to national or international labor organizations that are covered by the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA or Act). Under the proposed rule, such intermediate bodies would now be covered by the LMRDA, and would be required to file the Form LM-2 and Form LM-3 annual union financial reports.

DATES: Submit written comments on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by RIN 1245-AA08, only by the following method: Electronic Comments: Submit comments through the Federal eRulemaking Portal http://www.regulations.gov. To locate the proposed rule, use key words such as “Labor-Management Standards” or “Labor Organization Annual Financial Reports” to search documents accepting comments. Follow the instructions for submitting comments. Please be advised that comments received will be posted without change to http://www.regulations.gov, including any personal information provided. All comments must be received by 11:59 p.m. on the date indicated for consideration in this rulemaking.

FOR FURTHER INFORMATION CONTACT: Andrew Davis, Chief of the Division of Interpretations and Standards, Office of Labor-Management Standards, U.S. Department of Labor, 200 Constitution Avenue, NW., Room N-5609, Washington, DC 20210, (202) 693-0123 (this is not a toll-free number), (800) 877-8339 (TTY/TDD).

SUPPLEMENTARY INFORMATION:

I. Statutory Authority

The Department of Labor's statutory authority is set forth in sections 201 and 208 of the LMRDA, 29 U.S.C. 431, 438. Section 208 of the LMRDA provides that the Secretary of Labor shall have authority to issue, amend, and rescind rules and regulations prescribing the form and publication of reports required to be filed under Title II of the Act and such other reasonable rules and regulations as he may find necessary to prevent the circumvention or evasion of the reporting requirements. 29 U.S.C. 438. Section 201, discussed in more detail below, sets out the substantive reporting obligations.

The Secretary has delegated his authority under the LMRDA to the Director of the Office of Labor-Management Standards and permitted redelegation of such authority. *See* Secretary's Order 03–2012 (Oct. 19, 2012), published at 77 FR 69376 (Nov. 16, 2012).

II. Background

A. Introduction

In October of 2003, the Department of Labor (Department) issued an interpretation that required certain intermediate labor bodies to file reports under the LMRDA. The Department reversed this interpretation in December 2010. Because the Department is of the opinion that it was correct in 2003 and incorrect in 2010, the Department proposes to adopt the 2003 interpretation and reject the 2010 interpretation.

On December 27, 2002, the Department proposed revisions to Forms LM-2, LM-3, and LM-4, which are used by labor organizations to file annual financial reports required under Title II of the LMRDA with the Department of Labor's Office of Labor-Management Standards (OLMS). 67 FR 79279 (Dec. 27, 2002). A portion of the proposed rule stated the Department's intent to revise its interpretation of an aspect of the definition of "labor organization … deemed to be engaged in an industry affecting commerce" under the LMRDA.

After receiving and considering comments, the Department published a final rule on October 9, 2003. 68 FR 58374 (Oct. 9, 2003). The interpretation in the final rule stated that intermediate bodies that are subordinate to a national or international labor organization that includes a covered labor organization will be covered by the LMRDA, even if the intermediate body's constituents are solely public sector local labor unions not covered by the Act. Before this final rule issued, an intermediate body was subject to the LMRDA only if one or more of its constituent local labor unions represented private sector employees.

Labor organizations affected by the new interpretation of the LMRDA challenged the rule in federal district court. The court granted summary judgment in favor of the labor unions. *Alabama Education Ass'n v. Chao*, 2005 WL 736535 (D.D.C. Mar. 31, 2005). On appeal, the U.S. Court of Appeals for the District of Columbia Circuit reversed the grant of summary judgment. *Alabama Education Ass'n v. Chao*, 455 F.3d 386 (D.C. Cir. 2006). The court also concluded, however, that the Department had failed to provide a "*reasoned analysis* supporting its change of position" and remanded the rule to the Department to provide such analysis. *Id*. at 396–397 (emphasis added).

The Department issued a "reasoned analysis" supporting the change on January 26, 2007. 72 FR 3735. The analysis in support of expanded coverage rested on three rationales. First, the policy, it was asserted, advanced the twin Congressional goals that labor organizations' financial conditions and operations should be subject to public disclosure to benefit employees who participate in those organizations, and that the definition of "labor organizations" should be interpreted broadly to advance union democracy, financial transparency, and integrity. Second, expanded coverage promoted disclosure of financial disbursements and receipts to and from structurally related labor organizations, thus enhancing members' ability to trace their dues money and to identify any potential financial irregularities. Third, the revised interpretation gave full meaning to the statute, which focuses on covering intermediate bodies precisely because they are subordinate to a covered national or international labor organization, even though they may consist only of unions that do not bargain with private sector employers.

Labor organizations challenged the policy interpretation in U.S. district court. *Alabama Education Assn. v. Chao,* 539 F. Supp. 2d 378 (D.D.C. 2008), *clarified on denial of reconsideration*, 595 F. Supp. 2d 93 (D.D.C. 2009). The Court upheld the Secretary's position, concluding "[o]nce there is more than a single interpretation that is permissible, the Secretary may select between or among them as long as she provides a 'reasoned explanation' for her choice." *Id.* at 384. The court found it "difficult to argue against the proposition—which is the thrust and congressional purpose behind the statute—that if detailed financial reports will keep leaders honest and help those they lead to choose their leaders, the more the merrier." *Id.* The court also deferred to the Department's position that the broader reporting requirements allowed a private sector employee to trace his or her dues, which could be redirected to a public sector intermediate body after being disbursed by the covered national or international labor organization, and that this furthered the policies underlying the Act. The court stated that, "[w]ith the deference that is due under *Chevron*, this Court cannot say that the Secretary has failed to provide a reasoned explanation for her change of statutory interpretation." *Id.* at 385. The court cited the Secretary's stated objective to further the congressional goal of financial visibility and allow private sector dues-paying members to trace dues up to the national union and then down to the intermediate. The court also referred to the fact that: "Without doubt, some of the monies the AFT and NEA collect come from the dues of private sector employees. After that, both AFT and NEA can, if either chooses, disburse some of that dues money to public sector intermediate organizations." *Id.*

In 2009, the Department engaged in notice-and-comment rulemaking to return to its pre-2003 policy, which interpreted the Act to exclude, rather than cover, intermediate labor organizations that contain no local labor organization members representing employees in the private sector. 75 FR 5456, 5462 (February 2, 2010).

In support of its return to the pre-2003 interpretation, the Department first concluded that the preferred interpretation of the statute was one that comported with the LMRDA's primary regulatory focus on labor organizations that represent employees in the private sector. *Id.* Second, the Department concluded that the coverage of wholly public sector intermediate bodies would produce little or no incremental value to union members' understanding of the labor organization that represents them at the local level. Third, the Department determined that the pre-2003 interpretation comported with the statutory language. See 75 FR 74946-47.

B. Statutory and Regulatory Background

Congress enacted the LMRDA after an extensive investigation of "the labor and management fields … [found] that there ha[d] been a number of instances of breach of trust, corruption, disregard of the rights of individual employees, and other failures to observe high standards of responsibility and ethical conduct…." 29 U.S.C. 401(b). Congress intended the Act to "eliminate or prevent improper practices" in labor organizations, to protect the rights and interests of employees, and to prevent union corruption. 29 U.S.C. 401(b), (c).

As part of the statutory scheme designed to accomplish these goals, the Act required labor organizations to file annual financial reports with the Secretary of Labor. 29 U.S.C. 431(b). Congress sought full and public disclosure of a labor organization's financial condition and operations in order to curb embezzlement and other improper financial activities by union officers and employees. See S. Rep. No. 86–187 (1959), reprinted in 1 NLRB, Legislative History of the Labor-Management Reporting and Disclosure Act of 1959, at 398–99.

Pursuant to the Act, labor organizations must file reports containing information such as assets, liabilities, receipts, salaries, loans to officers, employees, members or businesses and other disbursements "in such detail as may be necessary accurately to disclose [their] financial condition and operations for [the] preceding fiscal year." 29 U.S.C. 431(b). Section 3(i) of the LMRDA, 29 U.S.C. 402(i), defines a "labor organization" as (1) any organization "engaged in an industry affecting commerce . . . in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours, or other terms or conditions of employment," or (2) "any conference, general committee, joint or system board, or joint council so engaged which is subordinate to a national or international labor organization other than a State or local central body."[1]

The first clause of Section 3(i) applies to entities that exist, at least in part, to deal with employers concerning terms and conditions of employment. The second clause applies to conferences, general committees, joint or system boards or joint councils—entities that are known as "intermediate" labor organizations. *See* 29 CFR 451.4(f).

The Act defines "employer" broadly, but excludes the United States, States, and local governments. 29 U.S.C. 402(e). Thus, an organization is not covered under the first clause of Section 3(i), which requires that the organization deal with a statutory "employer," if it deals only with federal, state or local governments. However, an "organization" covered by the second clause of the definition (a "conference, general committee, [etc.] subordinate to a national or international") need not deal with employers at all. 29 U.S.C. 402(i). Instead, such an intermediate labor body is covered by the Act so long as it is subordinate to a *covered* national or international labor organization and is "engaged in an industry affecting commerce." *Id*.

Section 3(j) of the LMRDA, 29 U.S.C. 402(j), sets forth the circumstances under which labor organizations will be "deemed to be engaged in an industry affecting commerce" under the Act. In particular, Section 3(j)(5) of the Act provides that: an intermediate labor organization is deemed "engaged in an industry affecting commerce" if it is: "a conference, general committee, joint or system board, or joint council, subordinate to a national or international labor organization, which includes a labor organization engaged in an industry affecting commerce

[1] A state or local central body differs from an "intermediate body" in that a state or local central body is chartered by a federation of national or international unions. An intermediate body is subordinate to a single national or international union. A state or local central body admits to membership subordinate bodies of international unions that are affiliated with the chartering federation within the state or local central body's territory. Its functions also differ, in that a state or local central body exists primarily to carry on educational, legislative, and coordinating activities. See 29 CFR 451.5

within the meaning of any of the preceding paragraphs of this subsection, other than a State or local central body." 29 U.S.C. 402(j)(5).[2]

III. Proposed Regulatory Revision and Need for Rulemaking

The Department proposes to revise its interpretation of Section 3(j)(5). The revised interpretation of the statute would expand the coverage of intermediate labor bodies subject to the reporting requirements of the LMRDA. Consistent with the interpretation of Section 3(j)(5) that the Department adopted in 2003, the Department proposes to clarify the definition of "labor organization . . . deemed to be engaged in an industry affecting commerce," by interpreting the "which includes" clause of this provision as modifying "national or international labor organization."[3] Under this statutory interpretation, intermediate labor bodies do not have to have private sector members to be covered under the LMRDA; rather, they need only be subordinate to a national or international labor organization that includes a union that represents private sector workers. See *Alabama Education Ass'n v. Chao*, 455 F.3d at 394-95 ("In our view, nothing in § 3, including the definition of 'labor organization' in § 3(i), forecloses the possibility that a body without private sector members may be subject to the LMRDA if it is subordinate to or part of a larger organization that does have private sector members."); *Alabama Education Assn. v. Chao*, 539 F. Supp. 2d at 384 ("Once there is more than a single interpretation that is

[2] Section 3(j) of the LMRDA, 29 U.S.C. 402(j), contains four other provisions, which also set forth the circumstances under which labor organizations will be "deemed to be engaged in an industry affecting commerce" under the Act: (1) If the intermediate labor organization is the certified representative of employees under the provisions of the National Labor Relations Act or the Railway Labor Act; (2) If a national, international, or local labor organization is recognized or acting as the representative of employees of an employer engaged in an industry affecting commerce; (3) If the organization has chartered a local labor organization which is representing or actively seeking to represent employees of employers within the meaning of (1) or (2); or (4) If the organization has been chartered by a labor organization representing or actively seeking to represent employees within the meaning of (1) or (2) as the local or subordinate body through which such employees may enjoy membership. 29 U.S.C. 402(j)(1) – (4).

[3] The conflicting approach would have the "which includes" clause modify "a conference, general committee, joint or system board, or joint council."

permissible, the Secretary may select between or among them….”). The Department invites comment on all aspects of this analysis.

A. The Ninth Circuit

The Department's pre-2003 (and current) interpretation of Section 3(j)(5) came into question following the decision in *Chao v. Bremerton Metal Trades Council*, 294 F.3d 1114 (9th Cir. 2002). There, the Ninth Circuit held that the Bremerton Metal Trades Council, a joint council, met the LMRDA definition of "labor organization" because it was subordinate to the Metal Trades Department, a national or international labor organization engaged in an industry affecting commerce. *Bremerton*, 294 F.3d at 1118. The court reasoned that "[w]e must decide not whether the Bremerton Council bargains directly with any private employers but, instead, whether the Metal Trades Department, the organization to which the Bremerton Council is subordinate, is engaged in an industry affecting commerce.'' *Id*. at 1117. The court held dispositive whether the union to which the intermediate body was subordinate was engaged in an industry affecting commerce, rather than the composition of the intermediate body itself.

This holding conflicted with the Department's pre-2003, as well as present, interpretation. *Bremerton* adopted an analysis under Section 3(j)(5) that looked not to the composition of the intermediate body itself, but rather to whether the national or international labor union to which it is subordinate is engaged in an industry affecting commerce. The Department believes the Ninth Circuit's reading of the statute is the superior one, and proposes to adopt that interpretation here.

B. Changes in Public Sector Labor Organizing

The increase in public sector unionization since Congress enacted the 1959 LMRDA further supports the Department's proposed interpretation. The Supreme Court in *Janus v. American Federation of State, County, and Municipal Employees, Council 31* overruled precedent and ruled that state law requiring nonconsenting public sector employees to pay collective bargaining fees violated the First Amendment. 138 S. Ct. 2448, 2483 (2018). The Court in that case considered changes in public sector unionization as relevant to its constitutional analysis.

Even by the late 1970s, public sector unionism was still considered a relatively new branch of the American labor movement. *Id.* Collective bargaining by state and local employees with their government employer had not been authorized by any state until 1959, when Wisconsin became the first to pass a law permitting the practice. *See id.* Until the late 1960's and early 1970's, public-sector union membership had been relatively low. *Id.*

However, as the "spurt" in membership began in those decades, the rise of public-sector unions was marked by a parallel increase in state and local government spending. *Id.* In 1970, total public expenditures amounted to about $4,000 per capita in 2014 dollars; by 2014, that figure had inflated rapidly to more than double the original figure, approximately $10,238 per capita. *Id.* While the court did not attribute the increase entirely to public-sector unions, unionism amongst state employees "undoubtedly played a substantial role" in the ballooning costs of public-employee wages, benefits, and pensions. *Id.* Essentially, the *Janus* Court considered changed circumstances for public sector unions as a factor in determining the significance of compelled speech in the context of agency fee payments.[4]

From the time the statute was enacted, OLMS' interpretation of the statute excluded from LMRDA coverage intermediate bodies that represented no private sector employees and that contained no local unions that represented private sector employees. 75 FR 74936, 74944. The LMRDA was enacted in 1959, at which time states seldom permitted collective bargaining by government employees. Changed circumstances among public sector unions counsel a change in the reporting regime. The increased prevalence of public sector unions and their use of substantial monies affecting matters of great public interest, like state spending, require union financial reporting to the extent permissible under the LMRDA. Private sector union members and the public have an interest in how labor unions, including intermediate bodies, spend their union member dues. And this interest is no less great when the money is spent in ways that affect political activities, state electoral outcomes, and state budgets. Extending LMRDA coverage to intermediate bodies subordinate to covered international unions brings transparency to these activities and serves the public interest in disclosure and financial integrity.

C. Purpose of the LMRDA

In enacting the LMRDA, Congress intended to "eliminate or prevent improper practices" in labor organizations, protect the rights and interests of workers, and prevent union corruption. 29 U.S.C. 401(b), (c). To curb embezzlement and other improper financial activities of labor organizations, Congress required labor organizations to file detailed annual financial reports with the Secretary of Labor. 29 U.S.C. 431(b). Additionally, the reporting provisions of the LMRDA

[4] The Department is not suggesting a constitutional analysis applies here. Rather, the reasoning of the court supports the policy reasons for expanded scope of disclosure.

were devised to implement the basic premise of the LMRDA—that the Act was intended to safeguard democratic procedures within labor organizations and protect the basic democratic rights of union members. By mandating that labor organizations disclose their financial operations to employees they represent, Congress intended to promote union self-government, which would be advanced by union members receiving sufficient information to permit them to take effective action in regulating internal union affairs.

In particular, Section 501(a) of the LMRDA imposes a fiduciary duty on all union officers. *Noble v. Dunn*, 895 F.3d 807, 810 (D.C. Cir. 2018) (in which a union member brought action against the union, alleging that officers breached their fiduciary duties under LMRDA). A labor organization's officer, agents, shop steward, and other representatives occupy positions of trust in relation to the labor organization and its members as a group. 29 U.S.C. 501(a). It is, therefore, the duty of each such person, taking into account the special problems and functions of a labor organization, to hold its money and property solely for the benefit of the organization and its members. 29 U.S.C. 501(b); *Guidry v. Sheet Metal Workers Nat. Pension Fund*, 493 U.S. 365, 374, (1990) (in which a union official convicted of embezzling union funds brought action against union to recover retirement benefits and the Court ruled that the LMRDA did not override ERISA prohibition on pension benefit alienation). Section 501(b) provides, under certain conditions, a private right of action "to recover damages or secure an accounting or other appropriate relief for the benefit of the labor organization." 29 U.S.C. 501(b). Thus, union members are empowered by Section 501(b) to take action in the event that they are confronted with an intransigent or corrupt labor organization. The LMRDA is a remedial statute, meaning it was enacted for the purpose of correcting a defect in an existing law, or provide a remedy where none previously existed. 73 Am. Jur. 2d Statutes Section 7. The LMRDA was necessary to impose high standards and ethical conduct in the administration of internal union affairs. *Wirtz v. Local 153, Glass Bottle Blowers Assn*., 389 U.S. 463, 469–470 (1968). In addition, Congress intended the definition of labor organization to be construed broadly to achieve the Act's purposes. *Donovan v. Nat'l Transient Div., Int'l Bhd. of Boilermakers*, 736 F.2d 618, 621 (10th Cir. 1984), *cert. denied*, 469 U.S. 1107 (1985). In order to fully effectuate and serve the remedial purposes of the Act, the Department seeks to interpret the definitional sections of the LMRDA broadly "to include all labor organizations of any kind other than those clearly shown to be outside the scope of the Act." 29 CFR 451.2.

The Department's current interpretation of Section 3(j)(5), in place since 2010, does not fully serve the remedial purposes of the LMRDA. Union members concerned about payments to and from public sector intermediate labor organizations subordinate to a covered national or international labor organization do not have access to the quality and quantity of information available to members of unions that have historically filed the Department's annual disclosure forms. Absent such disclosures, union members know less about the governance of their unions and cannot fully monitor the spending of their dues monies. They cannot fully apprise themselves of the financial commitments and obligations of their union. They are disadvantaged in their ability to make informed decisions when electing their union officers, and they do not have detailed information about the funding decisions made by incumbent officeholders. Similarly, the public does not enjoy the same transparency as they do with other covered union bodies.

In contrast, members of unions that file LMRDA financial disclosure forms, such as the Form LM-2 Labor Organization Annual Report, have a tool that can help them detect fraud and embezzlement due to the comprehensive reporting such forms offer. The Form LM-2 is the most detailed annual financial report filed by labor organizations with OLMS. The report requires the completion of no less than 21 informational items, 47 financial items, and 20 supporting schedules. Six functional schedules require itemization, namely for individual receipts and disbursements of $5,000 or more and total receipts or disbursements to a single entity or individual that aggregate to $5,000 or more. Other information reported includes, but is not limited to, whether the union has any trust in which the union is interested, whether the union has a political action committee (PAC), and whether the union discovered any loss or shortage of funds.

With LM-2 reporting, a unions' financial transactions are recorded, reported, and made publicly available on the Internet for review. Such disclosure deters union officers and employees from committing financial fraud. Union members concerned about the expenditures of intermediate bodies that do not report as the result of the Department's policy are denied the benefits of increased transparency as well as the ability to sue for damages on the union's behalf. These benefits also include more effective member participation in union decision-making, more informed voters in union officer elections, and the deterrence and detection of fraud. Members of the public also are deprived of insight into how union money might be used to affect government spending or other issues. Unless all intermediate bodies subordinate to LMRDA-covered labor organizations are themselves subject to annual financial reporting, union financial integrity and democracy suffer.

In addition to financial reporting, LMRDA coverage brings with it a number of other benefits to union transparency, integrity, and democracy. First, the LMRDA provides union members with a "Bill of Rights," which gives individual members protections, and the right to file suit to legally enforce them, against the union (e.g. freedom of speech, right to participate in elections, and right to attend meetings). 29 U.S.C. 411–14. Members are also protected by provisions that limit when and how a union can take disciplinary action against its members. 29 U.S.C. 411(a)(5). Second, the elections of the union are held to minimum standards that ensure they are fair, including requirements for secret ballots, maximums for terms between regularly scheduled elections, and equal treatment of candidates. 29 U.S.C. 481–83. Third, various union officials are held subject to a fiduciary duty to the union and its members and must have sufficient surety bonds protecting the union from any malfeasance on their part. 29 U.S.C. 501–02. Fourth, a portion of the LMRDA is specifically directed to preventing union abuse of the trusteeship power, by which subordinate labor organizations temporarily lose their autonomy to a parent union. 29 U.S.C. 461–66. Fifth, the LMRDA also sets out requirements for unions to maintain adequate financial and election records so that the Department can investigate and ensure LMRDA compliance. 29 U.S.C. 436, 481(e)-(f).

Moreover, the LMRDA provides full investigatory authority to the Secretary of Labor. 29 U.S.C. 521. OLMS is the front line agency responsible for enforcing the LMRDA through its criminal and civil investigations. OLMS criminal investigations may address embezzlement, deprivation of rights by violence, willful failure to file reports, filing false reports, and prohibited union office holding or employment of convicted persons. Civil investigations may include violations of union election procedures, financial disclosure requirements, and trusteeship standards. OLMS also conducts audits of union finances. OLMS investigations have previously discovered both civil and criminal violations in intermediate bodies. OLMS analyzed all 1,001 criminal cases it closed during the most recent five-year period, FY15-19. Of these cases, 57 of these unions constituted intermediate unions, which equals 5.7%. The 1,230 union audit cases closed during the same five-year period (FY15-19) were also reviewed, 65 of which involved intermediate unions. Of these, in nine cases OLMS closed the audit and opened a criminal investigation because the investigation revealed indications of fraud or embezzlement. These nine cases, out of a total of 65 intermediate union audits, means a criminal fallout rate for intermediate unions of 13.8%.[5] The enforcement of both civil and criminal law is of paramount public importance.

D. Structural and Financial Complexity of Labor Organizations

In a unionized workplace, employees may be members of a local labor organization, which represents employees with respect to terms and conditions of employment at that particular workplace. That local union is typically chartered by a national union, which in turn may be affiliated with a national federation of unions. In addition, there are city and state federations of labor organizations, international federations of labor, joint and district councils, and departments within a national federation of unions, among others.

The interrelatedness, and resulting structural complexity, of labor organizations has a number of causes. The need for collaboration among and between labor organizations with shared interests, the necessity of labor organization cohesion, the need for large-scale reform regarding certain issues, such as nation-wide wages and hours reform, the rise in multi-city or national corporations, and the growth of a global economy, have all contributed to the increase in labor organization affiliation within local, central, and national labor organizations.

Union structure, the level at which bargaining takes place and decision-making authority is held, tends to be highly centralized in most developed economies, with collective bargaining

[5] As part of the effort to protect and safeguard union funds and assets, OLMS investigates possible embezzlement from unions and other violations of criminal laws. OLMS also conducts audits of labor unions to detect embezzlements and ensure and promote compliance with the LMRDA. Compliance audit closing letters are located on the OLMS website. Because it is not feasible for OLMS to audit every union, OLMS developed a methodology to direct its auditing resources to unions where criminal activity is more likely to be found. The effectiveness of this methodology is measured by the percent of audits resulting in the opening of a "fallout" criminal case.

occurring at the level of an entire industry or sector. U.S. labor has traditionally been considered extremely decentralized in its structure, with most negotiations and decision-making happening at the firm level; U.S. union locals must deal with immediate market risks in the context of their company, which means keeping the jobs of their employee members at a particular company rather than effecting broader change. Complexity has emerged in union structure as the result of traditionally local-focused labor organizations attempting to scale their impact. Locals organizing as a part of a national union, locals affiliating with other locals not traditionally in the same industry, and national unions organizing into federations have been the means by which the traditionally firm-level U.S. labor movement has scaled its influence to achieve larger political or economic impact. Such changes could only otherwise have been or be achieved by fundamentally altering U.S. union structure to occur at a higher level, namely across an entire industry or sector (i.e., organizing of a “labor organization” would happen for workers across multiple companies in a single industry simultaneously), something that has yet to occur in earnest. *See generally* Matthew Dimick, *Productive Unionism*, 4 UC IRVINE L. REV. 679, 680 – 721 (2014).

This structural complexity pales in comparison to the financial complexity created by these relationships. Dues and fees are collected from members at the local level, and that money is sent on to other related organizations in the form of per capita assessments to support an increasingly complicated, sophisticated, and coordinated set of expenditures by related labor organizations, including education, organizing, political action at all levels of government, strike funds, public relations, research, legal representation, and so on.

A local union member interested in ascertaining the end-point of his or her dues collected by the local but cast into the stream of affiliate expenditures must obtain the financial reports of the local and each affiliated labor organization— the national or international, the state level organization, the national federation, and any other labor organizations affiliated directly or indirectly with the local union. Of course, this opportunity to study and analyze one's own local union expenditures is lost if, within the chain of affiliations, one of the affiliates has not filed an annual financial report.

Given the increased complexity of union structures and finances, the ability of union members to benefit from the transparency afforded by the LMRDA should not be diminished by a labor organization's relationship to an intermediate body that does not presently file annual financial reports. Such a circumstance is akin to a parent corporation disguising its assets and expenditures by lodging them with an undisclosed subsidiary. To avoid this scenario in the context of labor organizations, the LMRDA should be interpreted, to the extent permitted by the statute's terms, so that union members have the ability to lift the cloak of structural and financial complexity, and fully understand the activities and expenditures of their local unions, their local's national affiliates, and the national organization's subordinate labor organizations.

OLMS reporting data indicates that financial transfers take place among LMRDA-covered local unions and international unions, and non-covered intermediate bodies. As explained below, private-sector members contribute an estimated maximum of $2,806,200 in per capita dues payments to their national union, which may, ultimately, make their way to non-covered intermediate unions.[6] Appendix Table 1 sets forth per capita tax distributions for four labor organizations: American Federation of Teachers (AFT), Fraternal Order of Police (FOP),

[6] While this figure represents the maximum private-sector dues contributed to non-covered intermediate bodies, those newly-covered bodies would still be required to report on all receipts under the proposed rule.

National Education Association (NEA), and International Association of Fire Fighters (IAFF).[7] The data are derived from their affiliates' fiscal year 2018 annual financial disclosure reports, and details per capita fees paid to the national by members of those covered affiliates.[8] Of the 143 AFT reporting affiliates, 111 reported paying per capita fees to the AFT, in a total amount of $118,421,366. Of the twelve FOP reporting affiliates, seven reported per capita fees in a total amount of $70,284. Of the 63 IAFF reporting affiliates, 51 reported per capita fees in a total amount of $1,047,528. For the 34 NEA reporting affiliates, 18 reported per capita fees paid in a total amount of $1,030,246. (See Appendix Table 1).

The AFT, FOP, NEA, and IAFF disburse funds to their non-covered intermediate bodies, in the form of direct and indirect disbursements reported by the national or international union on Form LM-2 Schedules 15 (Representational Activities), 16 (Political Activities and Lobbying), 17 (Contributions, Gifts, and Grants), 18 (General Overhead), and 19 (Administration).[9]

The Department identified 12 AFT intermediate bodies that do not submit LM reports. Of these, 8 receive disbursements from the AFT. Reported disbursements for Schedule 15 totaled $1,180,103, Schedule 16 totaled $566,131, and Schedule 17, 18, and 19 reported a total of $0. This results in a total of $1,746,234 in disbursements from the AFT to its non-filing intermediate bodies.

[7] The Department has identified just these unions, but it invites comment on whether the proposed rule would affect others.

[8] The Department notes that the per capita payments reported in Form LM-2, Item 56, and Form LM-3, Item 47, may over represent the portion that the parent national union ultimately receives, since a portion may, instead, go to the AFL-CIO or other entities. Further, some of the local affiliates may constitute "mixed" private-sector and public-sector member unions. Thus, not all of their per capita payments derive from private-sector members. However, the Department views these totals a valid estimate for the maximum private-sector per capita dues sent to the parent national union.

[9] The Department presumes that the state affiliates' non-filing status is due to their wholly public sector composition of their constituent locals and not due to any other exception or exemption under the LMRDA.

The Department has identified 46 FOP intermediate bodies that do not submit LM reports. A review of the FOP's FY 18 Form LM-2 report indicated that it did not disburse funds to any of its non-covered intermediates.

The Department has identified 42 NEA intermediate bodies that do not submit LM reports. Reported disbursements for Schedule 15 totaled $14,465,776, Schedule 16 totaled $7,210,996, Schedule 17 totaled $52,066,677, Schedule 18 totaled $0, and Schedule 19 reported a total of $656,646 in disbursements. This results in a total of $74,471,218 in disbursements from the NEA to its non-filing intermediate bodies. See Appendix Table 2.

The Department has identified 39 IAFF intermediate bodies that do not currently submit LM reports. A review of the IAFF's FY 18 Form LM-2 report indicated that it disbursed funds to two of its non-covered intermediates, as identified in Schedules 15, 16, 17, 18, and 19. IAFF's Illinois and Rhode Island intermediates only received Schedule 19 disbursements totaling $29,720.

To estimate the maximum amount of private-sector dues traced to the wholly public-sector intermediate body, the Department assumes that the amount of money being traced for any given union is equal to the total disbursements being made to non-covered intermediates of that union, unless the total amount of per capita fees collected from its LMRDA-covered locals is less than the disbursement amount, in which case the per capita fee total represents the maximum amount of money being traced. This assumption is reasonable because funds disbursed in excess of the per capita fee would no longer derive, at least potentially, from LMRDA-covered local funds.

For IAFF, FOP, and AFT, per capita fee totals exceed disbursement totals, and therefore, these three unions' disbursements to their respective non-covered intermediates is the maximum amount of potentially private-sector money that could be traced for each of them. The sum of these three figures is $1,775,954 [$29,720 + $0 + $1,746,234 = $1,775,954]. NEA, however, disbursed funds far in excess of the per capita fees; while the NEA disbursed $74,471,218 to its non-covered intermediates, it collected only $1,030,246 in per capita fees. Therefore, the amount of traceable funds is limited to the $1,030,246 in private-sector funds collected. Thus, the final total of all traceable funds is $2,806,200 [$1,775,954 + $1,030,246 = $2,806,200]. As discussed above, union members and the public at large all have an interest in disclosure regarding the flow and use of those monies.

E. <u>Alternatives</u>

The Department requests comments onalternative approaches, including continuing to exclude all wholly public-sector intermediate labor organizations from coverage and any approaches that could lessen the costs imposed by the proposed rulemaking. As discussed more fully below, the Department also requests comment on whether to raise the threshold for filing a LM-2 form from $250,000 in annual receipts for intermediate bodies covered by this rule and, if so, what the threshold should be.

<u>IV. Analysis Conducted In Accordance with Executive Order 12866, Regulatory Planning and Review, and Executive Order 13563, Improving Regulation and Regulatory Review</u>

Under Executive Order (E.O.) 12866, the Office of Management and Budget (OMB)'s Office of Information and Regulatory Affairs determines whether a regulatory action is significant and, therefore, subject to the requirements of the E.O. and review by OMB. 58 *FR* 51735. Sec. 3(f) of E.O. 12866 defines a "significant regulatory action" as an action that is likely to result in a rule that (1) has an annual effect on the economy of $100 million or more, or adversely affects in a material way a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or tribal governments or communities (also referred to as economically significant); (2) creates serious inconsistency or otherwise interferes with an action taken or planned by another agency; (3) materially alters the budgetary impacts of entitlement grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or (4) raises novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the E.O. *Id*. OMB has determined that this proposed rule is a significant regulatory action under Sec. 3(f) of E.O. 12866, but is not economically significant.

E.O. 13563 directs agencies to propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs; the regulation is tailored to impose the least burden on society, consistent with achieving the regulatory objectives; and in choosing among alternative regulatory approaches, the agency has selected those approaches that maximize net benefits. E.O. 13563 recognizes that some benefits are difficult to quantify and provides that, where appropriate and permitted by law, agencies may consider and discuss qualitatively values that are difficult or impossible to quantify, including equity, human dignity, fairness, and distributive impacts.

This proposed rule is expected to be an EO 13771 regulatory action. We estimate that it would impose $4,422,042 in annualized costs at a 7% discount rate, discounted to a 2016 equivalent, over a perpetual time horizon. The Department requests comment on all aspects of its analysis, including whether there are additional benefits or costs and whether there are any approaches that could lessen the costs imposed by the proposed rulemaking.

A. <u>Costs for Intermediate Bodies</u>

As stated in the preamble, intermediate bodies are labor organizations that are subordinate to a covered national or international labor organization that includes a union that represents private sector workers. Using data from the websites of the most likely national/international unions affected by this proposed rule (the American Federation of Teachers (AFT), Fraternal Order of Police (FOP), International Association of Firefighters (IAFF), and the National Education Association (NEA)), the Department estimates that there would be 139 total intermediate bodies affected by this rule (i.e. the intermediate bodies identified on those four national unions' websites, subtracting those that already file with OLMS). Out of these, 115 have annual receipts above $250,000, and would presumably need to file the LM-2 report annually. The other 24 intermediate bodies have annual receipts below $250,000, and presumably would be required to fill out the LM-3 report annually. As estimated in the most recently approved Information Collection Request (ICR), pursuant to the Paperwork Reduction Act (PRA), the average form LM-2 filer spend approximately 530 hours on average each year to fill out the report.[10] It is assumed that employees responsible for filling out the Form LM-2 report would be an accountant spending 90 percent of 530 hours, a bookkeeper or clerk spending 5 percent of 530 hours, a secretary or treasurer spending 4 percent of 530 hours, and the president of an intermediate body spending 1 percent of 530 hours. Based on current filings, the average hourly wage for an accountant of LM-2 filers is $35.42, $17.37 for a bookkeeper or clerk, $21.54 for a secretary or treasurer, and $26.10 for the president, respectively. The weighted average hourly wage for Form LM-2 filers is $33.87. To account for fringe benefits and overhead costs, the average hourly wage has been doubled, so the fully loaded hourly wage is $67.74 (= $33.87 × 2). Therefore, the total cost for the 115 new filers to complete the Form LM-2 is estimated to be $4,128,753 (= $67.74 × 115 filers × 530 hours) and $35,902.20 per filer.

[10] See the PRA statement on page one of the Form LM-2 Instructions: https://www.dol.gov/olms/regs/compliance/GPEA_Forms/2016/efile/LM-2_Instructions_Revised2016.pdf.

As estimated in the most recently approved ICR, pursuant to the PRA, the average form LM-3 filer spends approximately 103 hours on average to fill out the report.[11] It is assumed that employees responsible for filling out this LM-3 report would be an accountant spending 22 percent of 103 hours, a bookkeeper or clerk spending 28 percent of 103 hours, a secretary or treasurer spending 48 percent of 103 hours, and the president of an intermediate body spending 2 percent of 103 hours. Based on current filings, the average hourly wage for an accountant of LM-3 filers is \$35.42, \$17.37 for a bookkeeper or clerk, \$23.45 for a secretary or treasurer, and \$23.45 for the president, respectively. The weighted average hourly wage for LM-3 filers is \$24.38. To account for fringe benefits and overhead costs, the average hourly wage has been doubled, so the fully loaded hourly wage is \$48.76 (= \$24.38 × 2). The total cost for the 24 new filers to complete the LM-3 is estimated to be \$120,534.72 (= \$48.76 × 24 filers × 103 hours) and \$5,022.28 per filer.

In addition to filling out either the LM-2 form or the LM-3 form, each of these 139 intermediate labor organizations would be responsible for filing a Form LM-1 Labor Organization Information Report. Each intermediate body would incur a one-time, first-year Form LM-1 cost. The most recent Information Collection Request (ICR) estimated that Form LM-1 filers would spend approximately 55 minutes on average per report. It is assumed that employees responsible for filling out this Form LM-1 report would be a secretary or treasurer spending 50 percent of 0.917 hours and the president of an intermediate body spending the other 50 percent of 0.917 hours. The weighted average hourly wage for LM-1 filers is \$23.45. To account for fringe benefits and overhead costs, the average hourly wage has been doubled, so the fully loaded hourly wage is \$46.90 (= \$23.45 × 2). The total cost for the 139 filers to complete

[11] See the PRA statement on page one of the Form LM-3 Instructions: https://www.dol.gov/olms/regs/compliance/GPEA_Forms/2016/efile/LM-3_InstructionsRevised2016.pdf.

the Form LM-1 is estimated to be \$5,978.01 (=\$46.90 × 139 filers × 0.917 hours) and \$43.01 per filer.

Regulatory familiarization costs represent direct costs to intermediate bodies associated with reviewing the new regulation. The Department calculated this cost by multiplying the estimated time to review the rule by the hourly compensation of the president of an intermediate body. Using the same fringe benefit and overhead costs rationale as above, the fully loaded hourly wage for the president of an intermediate body is \$46.90 (\$23.45 × 2). The Department estimates that the president of an intermediate body would spend 10 minutes to review the rule. Therefore, the one-time familiarization cost for all 139 intermediate bodies is estimated to be \$1,108.25 (= \$46.90 × 139 × 0.17 hours) in the first year.

The Department emphasizes that the estimated costs are averages. The Department expects that the costs for intermediate bodies with higher total receipts will be greater and the costs for intermediate bodies with smaller total receipts will be less. The Department requests comment on its cost estimates, including what it costs unions of varying sizes to complete the LM-2 and LM-3 forms and whether those costs are less for unions with smaller total receipts.

Finally, the proposed rule would also subject these public sector intermediate bodies to other provisions of the LMRDA, as noted above. While the Department believes application of these other LMRDA provisions is beneficial, the Department does not anticipate that making those provisions applicable to the public sector intermediate bodies affected by this rule will materially increase costs. The Department invites comment on whether application on all aspects of its cost analysis, including whether application of non-Title II provisions of the LMRDA will result in material costs.

B. <u>Summary of Costs</u>

For all 139 intermediate bodies, the expected first-year costs would be $4,256,373.98 (= $4,128,753 + $120,534.72 + $5,978.01 + $1,108.25). In the subsequent years, the total cost would be $4,249,287.72 (= $4,128,753 + $120,534.72). The 10-year annualized cost is expected to be $4,250,094 at a 3 percent discount rate and $4,250,231 at a 7 percent discount rate. The annualized perpetual costs at a 7 percent discount rate are expected to be $4,422,042.

C. Benefits

As explained more fully above, the Department proposes this rulemaking in order to more fully implement Congress' goals, in passing the LMRDA, to "eliminate or prevent improper practices" in labor organizations, protect the rights and interests of workers, and prevent union corruption. 29 U.S.C. 401(b), (c). To curb embezzlement and other improper financial activities of labor organizations, Congress required labor organizations to file detailed annual financial reports with the Secretary of Labor. 29 U.S.C. 431(b). The reporting provisions of the LMRDA were devised to implement the basic premise of the LMRDA—that the Act was intended to safeguard democratic procedures within labor organizations and protect the basic democratic rights of union members. By mandating that labor organizations disclose their financial operations to the public and the employees they represent, Congress intended to promote union self- government, which would be advanced by union members receiving sufficient information to permit them to take effective action in regulating internal union affairs. The Department is considering this rule in order to expand the benefits of such labor union financial transparency to members of public-sector intermediate labor unions.

Additionally, the Department proposes such expanded labor organization coverage now, as the Department believes that the increased prevalence of public sector unions and the potential for corruption within those unions justifies requiring union financial reporting to the maximum extent permissible under the LMRDA. The LMRDA was enacted in 1959, at which time states seldom permitted collective bargaining by government employees. Changed circumstances among public sector unions counsel a change in the reporting regime. The increased prevalence of public sector unions and their use of substantial monies affecting matters of great public interest, like state spending, require union financial reporting to the extent permissible under the LMRDA. Private sector union members and the public have an interest in how labor unions, including intermediate bodies, spend their union member dues. And this interest is no less great—and possibly greater—when the money is spent in ways that affect political activities, state electoral outcomes, and state budgets. Extending LMRDA coverage to intermediate bodies subordinate to covered international unions brings transparency to these activities and serves the public interest in disclosure and financial integrity. As mentioned above, 5.7% of all criminal cases in the past five years involved intermediate bodies. Similarly, 13.8% of audits of intermediate bodies revealed evidence of criminal activity, requiring the opening of a criminal investigation.

The Department believes that the benefits of the proposed rule outweigh the costs, although the benefits resist quantification. The Department requests comment on its analysis, including whether any of the benefits can be quantified and whether other approaches might lower the costs imposed by the rule.

V. Initial Regulatory Flexibility Analysis (IRFA)

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601 et seq., establishes “as a principle of regulatory issuance that agencies shall endeavor, consistent with the objectives of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of the business, organizations, and governmental jurisdictions subject to regulation.” Public Law 96-

354. To achieve that objective, the Act requires agencies promulgating final rules to prepare a certification and a statement of the factual basis supporting the certification, when drafting regulations that will not have a significant economic impact on a substantial number of small entities. The Act requires the consideration of the impact of a regulation on a wide range of small entities, including small businesses, not-for-profit organizations, and small governmental jurisdictions.

Agencies must perform a review to determine whether a proposed or final rule would have a significant economic impact on a substantial number of small entities. See 5 U.S.C. 603. If the determination is that it would, the agency must prepare a regulatory flexibility analysis as described in the RFA. *Id*. However, if an agency determines that a proposed or final rule is not expected to have a significant economic impact on a substantial number of small entities, section 605(b) of the RFA provides that the head of the agency may so certify and a regulatory flexibility analysis is not required. See 5 U.S.C. 605. The certification must include a statement providing the factual basis for this determination, and the reasoning should be clear.

The Department conducted this initial regulatory flexibility analysis to aid stakeholders in understanding the small entity impacts of the proposed rule and to obtain additional information on the small entity impacts. The Department invites interested persons to submit comments on the number of small entities affected by the proposed rule's requirements, the compliance cost estimates, and whether alternatives exist that would reduce the burden on small entities.

A. Why the Department is Considering Action

As explained more fully in the preamble, the Department is considering this rule in order to more fully implement Congress' goals, in passing the LMRDA, to "eliminate or prevent improper practices" in labor organizations, protect the rights and interests of workers, and prevent union corruption. 29 U.S.C. 401(b), (c). To curb embezzlement and other improper financial activities of labor organizations, Congress required labor organizations to file detailed annual financial reports with the Secretary of Labor. 29 U.S.C. 431(b). The reporting provisions of the LMRDA were devised to implement the basic premise of the LMRDA—that the Act was intended to safeguard democratic procedures within labor organizations and protect the basic democratic rights of union members. By mandating that labor organizations disclose their financial operations to employees they represent, Congress intended to promote union self-government, which would be advanced by union members receiving sufficient information to permit them to take effective action in regulating internal union affairs. The Department is considering this rule in order to expand the benefits of such labor union financial transparency to the members of public-sector intermediate labor unions.

Additionally, the Department proposes such expanded labor organization coverage, now, as the Department believes that the increased prevalence of public sector unions and the potential for corruption within those unions justifies requiring union financial reporting to the maximum extent permissible under the LMRDA. The LMRDA was enacted in 1959, at which time states seldom permitted collective bargaining by government employees. Changed circumstances among public sector unions counsel a change in the reporting regime. The increased prevalence of public sector unions and their use of substantial monies affecting matters of great public interest, like state spending, require union financial reporting to the extent permissible under the LMRDA. Private sector union members and the public have an interest in how labor unions, including intermediate bodies, spend their union member dues. And this interest is no less great—and possibly greater—when the money is spent in ways that affect political activities, state electoral outcomes, and state budgets. Extending LMRDA coverage to intermediate bodies subordinate to covered international unions brings transparency to these activities and serves the public interest in disclosure and financial integrity. As mentioned above, OLMS finds civil and criminal violations in all tiers of labor unions, including intermediate bodies. During the immediate five-year period, 5.7% of OLMS criminal investigations concerned intermediate unions. Further, the criminal fallout rate for intermediate bodies during this same period was 13.8%.

B. Objectives of and Legal Basis for the Proposed Rule

Congress enacted the LMRDA after an extensive investigation of "the labor and management fields … [found] that there ha[d] been a number of instances of breach of trust, corruption, disregard of the rights of individual employees, and other failures to observe high standards of responsibility and ethical conduct…." 29 U.S.C. 401(b). Congress intended the Act to "eliminate or prevent improper practices" in labor organizations, to protect the rights and interests of employees, and to prevent union corruption. 29 U.S.C. 401(b), (c).

As part of the statutory scheme designed to accomplish these goals, the Act required labor organizations to file annual financial reports with the Secretary of Labor. 29 U.S.C. 431(b). Congress sought full and public disclosure of a labor organization's financial condition and operations in order to curb embezzlement and other improper financial activities by union officers and employees. See S. Rep. No. 86–187 (1959), reprinted in 1 NLRB, Legislative History of the Labor-Management Reporting and Disclosure Act of 1959, at 398–99.

Pursuant to the Act, labor organizations must file reports containing information such as assets, liabilities, receipts, salaries, loans to officers, employees, members or businesses and other disbursements "in such detail as may be necessary accurately to disclose [their] financial condition and operations for [the] preceding fiscal year." 29 U.S.C. 431(b). The Department of

Labor's statutory authority is set forth in sections 201 and 208 of the LMRDA, 29 U.S.C. 431, 438. Section 208 of the LMRDA provides that the Secretary of Labor shall have authority to issue, amend, and rescind rules and regulations prescribing the form and publication of reports required to be filed under Title II of the Act and such other reasonable rules and regulations as he may find necessary to prevent the circumvention or evasion of the reporting requirements. 29 U.S.C. 438. Section 201 sets out the substantive reporting obligations.

This proposed rule would expand the Department's interpretation concerning the scope of labor organization coverage under the LMRDA, pursuant to Sections 3(i) and (j) of the Act, 201 29 U.S.C. 402. Under the revised statutory interpretation, covered intermediate labor bodies would not have to have private sector members to be covered under the LMRDA; rather, they would need only to be subordinate to a national or international labor organization that includes a union that represents private sector workers. See *Alabama Education Ass'n v. Chao*, 455 F.3d at 394-95 ("In our view, nothing in § 3, including the definition of 'labor organization' in § 3(i), forecloses the possibility that a body without private sector members may be subject to the LMRDA if it is subordinate to or part of a larger organization that does have private sector members."); *Alabama Education Assn. v. Chao*, 539 F. Supp. 2d at 384 ("Once there is more than a single interpretation that is permissible, the Secretary may select between or among them….").

C. Estimating the Number of Small Businesses Affected by the Rulemaking

As stated in the Regulatory Impact Analysis (RIA), this rule would impact 139 intermediate bodies of labor unions, which are labor organizations that are subordinate to a national or international labor organization that represents private sector workers (NAICS 813930). According to the Small Business Administration (SBA), organizations under NAICS

813930 are considered small entities if they have average annual receipts of less than $7.5 million.[12] Based on this threshold and the most recent revenue receipts from these intermediate bodies, 88 out of 139 intermediate bodies qualify as small entities,[13] or roughly 63% of these organizations.[14]

D. Compliance Requirements of the Proposed Rule, Including Reporting and Recordkeeping

This proposed rule would require the intermediate bodies affected to file the Form LM-1 in the first year. In addition, such intermediate bodies with annual receipts of at least $250,000 would be required to fill out the Form LM-2 report annually, while intermediate bodies with annual receipts below $250,000 would be required to fill out the Form LM-3 report annually.

Regulatory familiarization costs represent direct costs to intermediate bodies associated with reviewing the new regulation. The Department calculated this cost by multiplying the estimated time to review the rule by the hourly compensation of $46.90 for the president of an intermediate body. The Department estimates that the president of an intermediate body would spend 10 minutes to review the rule. Therefore, the one-time familiarization cost for all 139 intermediate bodies is estimated to be $1,108.25 (= $46.90 × 139 × 0.17 hours) or $7.97 per small entity in the first year.

It takes approximately 55 minutes on average to fill out a Form LM-1 report and 530 hours on average to fill out a Form LM-2 report, and 103 hours on average to fill out an LM-3

[12] https://www.sba.gov/document/support--table-size-standards

[13] The Department was unable to find IRS Form 990s, and thus revenue, for 26 of the 139 intermediate bodies affected by this rulemaking. Since it is impossible to determine whether there would be a significant impact on them without revenue data, these entities are not considered small entities for the purpose of this IRFA. The thresholds for filing LM-2 and LM-3 forms are set by total annual receipts. Form 990s, however, report total annual revenues. The Department believes that the differences across intermediate bodies between receipts and revenues would not materially affect the estimates of the cost of this rulemaking. The Department requests comment on its use of Form 990 revenue data to estimate the number of organizations that would have to file the LM-2 and LM-3 forms.

report. The Department estimated a fully loaded hourly wage of $46.90 for filing LM-1 report and $67.74 for filing a Form LM-2 report, and $48.76 for filing LM-3 report.

Using the average hour estimates for LM-3 filers, the costs in Year 1 for the intermediate bodies with annual receipts below $250,000 is estimated to be $43.01 (=$46.90 × 0.917 hours) for LM-1 report, $5,022.28 (=$48.76 × 103 hours) for LM-3 report, and $7.97 for regulatory familiarization. Therefore, the total cost in Year 1 for intermediate bodies with annual receipts below $250,000 is $5,073.26 ($43.01 + $5,022.28 + $7.97) on average per filer. The total cost in the subsequent years is $5,022.28 per filer per year on average. Out of 88 small business filers, there are 24 filers with revenue below $250,000. For 15 of these 24 small business entities, their first year cost is assumed to be higher than 3 percent of their annual revenue.

Using the average hour estimates for LM-2 filers, the costs in Year 1 for the intermediate bodies with annual receipts between $250,000 and $7.5 million is estimated to be $43.01 on average (=$46.90 × 0.917 hours) for the LM-1 report, $35,902.20 (=$67.74 × 530 hours) on average for the LM-2 report, and $7.97 for regulatory familiarization. Therefore, the total cost in Year 1 for the intermediate bodies with annual receipts between $250,000 and $7.5 million is $35,943.18 on average ($43.01 + $35,902.20 + $7.97). The total cost in the subsequent years is $35,902.20 on average per year. Out of 88 small business filers, there are 64 filers with annual revenue between $250,000 and $7.5 million. For 37 of out 64 small business filers, the first year cost is assumed to be more than 3 percent of their annual revenue.

A threshold of 3 percent of revenues has been used in prior rulemakings for the definition of significant economic impact. See, e.g., 79 FR 60634 (October 7, 2014, Establishing a Minimum Wage for Contractors) and 81 FR 39108 (June 15, 2016, Discrimination on the Basis of Sex). This threshold is also consistent with that sometimes used by other agencies. See, e.g., 79 FR 27106 (May 12, 2014, Department of Health and Human Services rule stating that under its agency guidelines for conducting regulatory flexibility analyses, actions that do not negatively affect costs or revenues by more than three percent annually are not economically significant). The Department believes that its use of a three percent of revenues significance criterion is appropriate.

Therefore, out of the 88 small entities, the small entities affected by a significant impact of more 3% are the 15 out of 24 LM-3 filers and 37 out of 64 LM-2 filers, for a total of 52 filers. This constitutes 59.09% of the 88 filers [52/88 x 100 = 59.09%], which falls above the 20% substantiality threshold being used for this NPRM.

The following chart further breaks down the expected burden on small entities, by revenue:

Size (by Revenue)	**# of Small Unions Affected**	**Avg. I.B. Rule Burden per Union**	**% of Small Unions Affected**	**# of Small Unions Subject to Significant Impact***	**% of Small Unions Subject to Significant Impact****
$5M - $7.5M	7	$35,943	7.95%	0	
$2.5M - $4.99M	9	$35,943	10.23%	0	
$1M - $2.49M	12	$35,943	13.64%	1	
$500K - $999,999	21	$35,943	23.86%	21	
$250K - $499,999	15	$35,943	17.05%	15	
$100K - $249,999	15	$5,073	17.05%	6	
$10K - $99,999	9	$5,073	10.23%	9	
Total	**88**		**100%*** **	**52/88**	**59.09%**

E. Relevant Federal Rules Duplicating, Overlapping, or Conflicting with the Rule

The Department is not aware of any relevant Federal rules that conflict with this NPRM.

F. Alternatives to the Proposed Rule

The Department believes that qualitative benefits for union members and the public associated with greater transparency for certain public-sector intermediate labor organizations—and the benefits from application of the rest of the LMRDA—outweighs the marginal burden imposed on such organizations. However, the Department will consider continuing to exclude all wholly public-sector intermediate labor organizations from coverage. That option would impose no changes and thus maintain the status quo of no disclosure by these entities. The Department seeks public feedback on that and any other alternatives, including any approaches that could lessen the costs imposed by the proposed rulemaking.

In particular, the Department seeks comment on whether to raise the threshold for filing the LM-2 form from $250,000 in annual receipts for intermediate bodies covered by the proposed rulemaking.[15] The Department anticipates that the ratio of (a) costs from completing the LM-2 form to (b) annual receipts—i.e., (a) / (b)—could increase as annual receipts decrease, even though costs also likely tend to decrease. That is, the Department expects that the relative burden of completing the LM-2 form could be greater for newly-covered entities with smaller annual receipts. Therefore, raising the threshold for filing the LM-2 form for intermediate bodies covered by this rule could decrease the relative burden on some of these intermediate bodies by allowing them to file the LM-3 form instead. The Department requests comment on its

[15] Although the data in this proposed rule is based on revenues currently reported on IRS Form 990s, the Department would continue to base the various reporting requirements under this proposed rule on the labor organization's annual receipts.

assumptions with respect to the relative burden of completing the LM-2 form and seeks input as to whether public sector intermediate bodies covered by this rule would be uniquely burdened by the requirement to file a form LM-2 at the current receipt threshold.. The Department also requests comment on related questions. Would raising the threshold for only the organizations affected by this rulemaking be consistent with Section 208 of the LMRDA, 29 U.S.C. 438, which authorizes the Secretary of Labor to allow, by general rule, for the filing of "simplified reports for labor organizations or employers for whom he finds that by virtue of their size a detailed report would be unduly burdensome"? If so, how should the new threshold be set? Should the threshold be set by adjusting for inflation from the effective date of the previous increase in the receipt threshold to $250,000? Should the threshold be set higher or lower than an inflation-adjusted amount, and why? Should the threshold be set through some other method or analysis? Would raising the threshold materially lower costs? Would raising the threshold materially decrease benefits? Considering all appropriate factors, would raising the threshold for filing the LM-2 form for only intermediate bodies covered by the proposed rulemaking be justified?

G. Differing Compliance and Reporting Requirements for Small Entities

This NPRM provides for no differing compliance requirements and reporting requirements for small entities, other than the simplified Form LM-3 report for those unions with fewer than $250,000 in total annual receipts.

H. Clarification, Consolidation, and Simplification of Compliance and Reporting Requirements for Small Entities

This NPRM was drafted to clearly state the compliance and reporting requirements for all small entities subject to this proposed rule.

VI. Unfunded Mandates Reform

This proposed rule will not include any Federal mandate that may result in increased expenditures by State, local, and tribal governments, in the aggregate, of $100 million or more, or in increased expenditures by the private sector of $100 million or more.

VII. Paperwork Reduction Act

The Department estimates that 139 intermediate unions would become subject to the LMRDA as a result of the proposed rule and will be required to file annual financial disclosure reports. The Department derives this estimate from a review of the non-filing intermediate bodies associated with the four national/international labor organizations likely affected by this rule: the American Federation of Teachers (AFT), Fraternal Order of Police (FOP), International Association of Firefighters (IAFF), and the National Education Association (NEA).

Initially, each of these 139 intermediate labor organizations would be responsible to file a Form LM-1 Labor Organization Information Report. The most recent ICR estimated that Form LM-1 filers would spend approximately 55 minutes per report (see Form LM-1 Instructions), which results in a total increase of 7,645 additional Form LM-1 burden minutes (139 * 55 minutes) or approximately 127 additional burden hours. The additional 139 Form LM-1 filing intermediate bodies would result in a total of 352 Form LM-1 reports filed (139 + 213), as a result of the proposed rule. .

Additionally, OLMS has determined that 24 of these newly-filing intermediate bodies would file an annual Form LM-3 Labor Organization Annual Report, as, based upon their most recent IRS Form 990 report, they would not exceed the $250,000 filing threshold for the more detailed Form LM-2 report. The previous ICR estimated that Form LM-3 filers would spend approximately 103 hours per report (see Form LM-3 Instructions), which results in a total increase of 2,472 additional Form LM-3 burden hours (24 * 103). The additional 24 Form LM-3 filing intermediate unions would result in a total of 12,063 Form LM-3 reports filed (24 + 12,039).

Based upon the most recent Form 990 data, the Department determined that the remaining 115 entities would exceed the $250,000 filing threshold and thus be required to file the Form LM-2 annual financial disclosure report. (Note: for the 20 entities in which the Department could not locate their most recent IRS Form 990, the Department assumes that each would file the more detailed Form LM-2 report.) The previous ICR estimated that Form LM-2 filers would spend approximately 530 hours per report (see Form LM-2 Instructions), which results in a total increase of 60,950 additional Form LM-2 burden hours (115 * 530), and the additional 115 Form LM-2 filing intermediate unions would result in a total of 6,188 Form LM-2 reports filed (115 + 6,073).

As the proposed rule requires an information collection, the Department is submitting, contemporaneous with the publication of this notice, an information collection request (ICR) to revise the Paperwork Reduction Act (PRA) clearance to address the clearance term. The ICR includes updated Forms LM-1, LM-2, LM-3, and LM-4, which the Department revised to make clear that wholly public-sector intermediate unions must complete and submit such forms, consistent with this proposed rule. A copy of this ICR, with applicable supporting documentation, including among other items a description of the likely respondents, proposed frequency of response, and estimated total burden may be obtained free of charge from the RegInfo.gov Web site at *http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=201907-1245-001* (this link will only become active on the day following publication of this document) or from the Department by contacting Andrew Davis on 202-693-0123 (this is not a toll-free number)/ email: *OLMS-Public@dol.gov*.

Type of Review: Revision of a currently approved collection.

Agency: Office of Labor-Management Standards.

Title: Labor Organization and Auxiliary Reports.

OMB Number: 1245-0003.

Affected Public: Private Sector—labor organizations.

Total Estimated Number of Responses: 31,686.

Frequency of Response: Varies.

Estimated Total Annual Burden Hours: 4,643,596

Estimated Total Annual Other Burden Cost: $0.

Small Business Regulatory Enforcement Fairness Act of 1996

This proposed rule is not a major rule as defined by section 804 of the Small Business Regulatory Enforcement Fairness Act of 1996. This rule will not result in an annual effect on the economy of $100,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of the United States-based companies to compete with foreign-based companies in domestic and export markets.

List of Subjects in 29 CFR Part 401

Labor management relations.

Accordingly, for the reasons provided above, the Department proposes to amend part 401 of title 29, chapter IV of the Code of Federal Regulations as set forth below:

PART 401—MEANING OF TERMS USED IN THIS SUBCHAPTER

1. The authority citation for part 401 continues to read as follows:

Authority: Secs. 3, 208, 301, 401, 402, 73 Stat. 520, 529, 530, 532, 534 (29 U.S.C. 402, 438, 461, 481, 482); Secretary's Order No. 03–2012, 77 FR 69376, November 16, 2012; § 401.4 also issued under sec. 320 of Title III of the Bankruptcy Reform Act of 1978, Pub.L. 95–598, 92 Stat. 2678.

2. Amend § 401.9 by adding paragraphs (a) through (c) to read as follows:

§ 401.9 Labor organization.

* * * * *

(a) Any organization that exclusively represents public sector employees, is composed solely of labor unions that exclusively represent public sector employees, or is a conference, general committee, joint or system board, or joint council subordinate to a national or international union that is composed solely of public sector labor unions is not a ‘labor organization’ covered by the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA).

(b) Any national or international union or any conference, general committee, joint or system board, or joint council that includes one or more local unions that are “labor organizations engaged in an industry affecting commerce’ is a ‘labor organization’ covered by the LMRDA.

(c) Any conference, general committee, joint or system board, or joint council that is subordinate to a national or international labor organization that is a labor organization ‘engaged in an industry affecting commerce’ is a ‘labor organization’ covered by the LMRDA.

Arthur F. Rosenfeld
Director, Office of Labor-Management Standards.

Note: The following appendix will not appear in the Code of Federal Regulations.

<u>Appendix: Labor Organization Annual Financial Reports: Coverage of Intermediate Bodies</u>

TABLE 1.—FISCAL YEAR 2018 PER CAPITA TAX DISBURSEMENTS FROM LMRDA-COVERED LOCAL UNIONS

Locals Affiliated with American Federation of Teachers

ACADEMY TEACHER'S ASSOCIATION	$34,221
ADJUNCT FACULTY AT PACE	$84,726
ADJUNCTS UNITED, NYSUT, AFT	$40,962

AFT - LU 5105	$0
AFT - NEW HAMPSHIRE	$0
AFT HEALTH PROFESSIONALS AND ALLIED EMPLOYEES	$0
AFT NEW JERSEY	$0
ALASKA NURSES ASSOCIATION	$231,873
ALASKA PUBLIC EMPLOYEES ASSOCIATION	$811,084
ALLIANCE OF CHARTER SCHOOL EMPLOYEES AFT PA	$57,781
AMERICAN SCHOOL FOR THE DEAF FEDERATION OF TEACHER	$31,600
ASN FOR RETARDED CITIZENS EMPLOYEES	$0
ASSOCIATION OF BUILDING TRADES INSTRUCTORS	$24,868
ASSOCIATION OF CATHOLIC TEACHERS	$62,956
BACKUS FEDERATION OF NURSES AFT CONNECTICUT	$178,511
BAKER HALL UNITED TEACHERS	$38,500
BARRACK HEBREW ACADEMY FACULTY ASSOCIATION	$18,604
BAY AREA FRENCH-AMERICAN FEDERATION OF TEACHERS	$191,519
BERKLEE FEDERATION OF TEACHERS	$262,649
BRECK FEDERATION OF TEACHERS	$10,580
BRYANT FACULTY FEDERATION	$40,953
BUCKLEY FACULTY ASSOCIATION	$0
C W POST COLLEGIAL FEDERATION	$150,251
CALIFORNIA	$0
CAMBRIDGE COLLEGE EMPLOYEES FEDERATION	$35,937
CAMPUS EDUCATION ASSOCIATION	$15,552
CANTALICIAN CENTER PROF STAFF ASSOCIATION	$68,549
CHICAGO ALLIANCE OF CHARTER TEACHERS AND STAFF	$0
CHICAGO TEACHERS UNION	$6,292,448
CLEVELAND ACTS	$42,159
CONNECTICUT STATE	$0
COOPER UNION FED COLLEGE TEACHERS	$6,869
DANBURY & NEW MILFORD FED OF HEALTHCARE TECHNICAL	$72,531
DANBURY HOSP PROF NURSES ASN	$0
DE SOTO COUNTY EDUCATORS ASSOCIATION	$124,734
EARLY CHILDHOOD FEDERATION	$103,673
FACULTY-U OF CHICAGO LAB SCHOOLS	$100,297
FANWOOD TEACHERS ASSOCIATION	$37,597
FEDERATION OF CREDIT UNION EMPLS	$7,032
FEDERATION OF INDIAN SERVICE EMPLOYEES	$119,717
FEDERATION OF NURSES & HEALTH PROS	$55,277
GEORGIA FEDERATION OF TEACHERS	$65,192

GREEN TREE FEDERATION OF TEACHERS	$26,232
GROVE STREET ACADEMY FACULTY- NYSUT	$11,307
GUAM FEDERATION OF TEACHERS	$361,047
HALLEN TEACHERS ASSOCIATION	$47,758
HEALTH CARE PROS, DOWNEAST FED OF	$11,931
HEALTH PROFESSIONALS & ALLIED EMPLOYEES	$2,135,146
HEALTH PROFESSIONALS AND ALLIED EMPLOYEES (LU - 5621)	$0
HEALTH PROFESSIONALS AND ALLIED EMPLOYEES AFT (LU - 5058)	$0
HEALTH PROFESSIONALS ASSN EMPLOYEES	$0
HEALTHCARE-PSEA/PSEA/AFT	$0
HENRY VISCARDI SCHOOL FACULTY ASSN	$62,827
HOUSTON FEDERATION OF TEACHERS	$2,207,515
HPAE LOCAL 5186	$0
HPAE SOUTH JERSEY HEALTHCARE	$0
HPAE/PALISADES MEDICAL CENTER	$0
HPAE-COOPER HOSPITAL	$0
HRDF-HRDE WORKERS UNION	$22,512
ILLINOIS	$0
JOB CORPS EMPLOYEES FEDERATION	$23,188
JOHNSON MEMORIAL REGISTERED NURSES	$40,637
L & M HEALTHCARE WORKERS UNION	$278,928
LA SALLE INSTITUTE FACULTY ASSOCIAT	$11,629
LAWRENCE & MEM HOSPITALS REG NURSES	$240,554
LAWRENCE & MEMORIAL FEDERATION OF TECHNOLOGISTS	$94,947
LEWIS & CLARK COLLEGE SUPORT STAFF	$68,968
LINCOLN TECHNICAL INSTITUTE	$3,223
LONG ISLAND UNIVERSITY FACULTY FEDERATION	$158,375
LONGY FACULTY UNION	$13,232
MANCHESTER MEM HOSPITAL PROF NURSE	$97,999
MASSACHUSETTS	$0
MEA-MFT[16]	$190,158
MICHIGAN	$4,828
MILL NECK MANOR EDUCATIONAL ASSN	$31,369
MISSOURI	$0
MITCHELL COLLEGE FACULTY FEDERATION	$11,417
MOORE COLLEGE OF ART & DESIGN	$10,241
N RHODEISLAND COLLABORATIVE EMPLS	$24,094
N Y STATE PUBLIC EMPLOYEES FED PEF	$9,874,302
NATCHAUG FED OF REGISTERED NURSES	$47,095

16 Identified as a state association but submits LM reports as a local organization.

NEW HAVEN FEDERATION OF TEACHERS	$778,410
NEW MEXICO	$57,950
NEW MILFORD HOSPITAL FED. OF REGIST	$31,934
NEW YORK CITY TEACHERS	$72,483,652
NEW YORK STATE UNITED TEACHERS (LU - 0)	$3,512,767
NEW YORK STATE UNITED TEACHERS (LU - 6420)	$118,597
NORTH CAROLINA	$1,615
NORTH JERSEY SKILLS FOR TECHNOLOGY	$1,516
NORTHCOAST EARLY CHILDHOOD WORKERS	$12,966
NURSES & HEALTH PROS, FAIRVIEW	$33,844
NURSES & HEALTH PROS, VISITING	$82,972
NURSES, BRATTLEBORO FEDERATION OF	$42,893
OAKWOOD	$50,856
OKLAHOMA FEDERATION OF TEACHERS	$6,667
OREGON	$720
OREGON FED OF NURSES-KAISER	$908,194
OREGON NURSES ASSOCIATION	$0
OVERSEAS FEDERATION	$126,218
PACIFIC NORTHWEST HOSPITAL MEDICINE ASSOCIATION	$0
PALOMAR FACULTY FEDERATION	$401,919
PARK COLLEGE FACULTY, FEDERATION OF	$22,617
PENNSYLVANIA	$0
PENNSYLVANIA SCHOOL FOR THE DEAF UNITED	$12,555
PORTER FEDERATION OF NURSES & HEALTH PROFESSIONALS	$41,254
PROFESSIONAL STAFF CONGRESS/CUNY	$10,982,000
RHODE ISLAND	$1,744
RINDGE FACULTY FEDERATION	$32,055
RIVERHEAD FREE LIBRARY STAFF ASSOCIATION	$12,807
ROCH. SCH./DEAF UNITED FACULTY ASSO	$21,058
SAN FRANCISCO ARCHDIOCESAN FEDERATION OF TEACHERS	$112,752
SSMEU LOCAL 5121	$86,674
ST MARYS SCHOOL FOR DEAF	$0
ST. DOMINIC'S SCHOOL STAFF ASSOCIAT	$13,157
STATE FEDERATION	$0
TEMPLE UNIVERSITY	$279,389
TENNESSEE	$0
TEXAS	$0
TROCAIRE FACULTY ASSOCIATION - NYSUT 37-975	$18,990
TUGSA	$19,556
UCATS	$556,271
UNITED CENTER EMPLOYEES ASSN.	$62,723
UNITED CEREBRAL PALSY	$183,635

UNITED FEDERATION OF COLLEGE TEACHERS	$111,960
UNITED TEACHERS OF NEW ORLEANS - UTNO	$163,459
UNIVERSITY OF SAN FRANCISCO FACULTY ASSOCIATION	$251,821
VERMONT NURSES AND HEALTH PROFESSON	$0
VETERANS ADMN STAFF NURSES COUNCIL	$117,601
VISTING NURSES	$2,533
WASHINGTON	$211,309
WENTWORTH FACULTY FEDERATION	$50,614
WEST HARTFORD DORMITORY SUPERVISORS	$44,010
WEST VIRGINIA	$384,371
WESTCHESTER FEDERATION OF VISITING NURSES, NYSUT	$0
WESTERN PENN SCHOOL FOR BLIND CHILD	$16,402
WESTERN STATES CHIROPRACTIC FACULTY	$19,325
WILLAMETTE VALLEY CHILD CARE FED	$15,542
WINDHAM COMMUNITY MEM HOSP EMPLS	$106,854
WINDHAM HOSPITAL REGISTERED NURSES	$42,755
WOODHAVEN FED OF HUMAN SERV PROF	$9,064
LU – 5071	$0
LU – 5091	$0
LU – 5000	$230,158
TOTAL	**$118,421,366**

Locals Affiliated with Fraternal Order of Police

AMTRAK POLICE COMMITTEE	$0
BEP POLICE LABOR COMMITTEE	$4,850
DC #1	$0
DOD POLICE FORT DIX NEW JERSEY	$4,086
FIRST FEDERAL LODGE F1 PENNSYLVANIA	$2,276
LODGE 12	$7,057
NIH POLICE LC COMMITTEE	$0
NJ LABOR COUNCIL	$0
PRINCETON FOP LODGE 75	$1,961
U S CAPITOL POLICE LABOR COMMITTEE	$47,221
UNIVERSITY OF PA POLICE	$2,833
WRAMC/DOD POLICE LABOR COMMITTEE	$0
TOTAL	**$70,284**

Locals Affiliated with National Education Association

ADRIAN COLLEGE ASN OF PROFESSORS	$76,749

AGORA CYBER EDUCATION ASSOCIATION	$0
BAKER COLLEGE EDUCATION ASSOCIATION	$14,079
CAMBRIA HEIGHTS EDUCATIONAL SUPPORT PROFESSIONAL	$14,749
EDUCATION MINNESOTA	$0
ENDICOTT COLLEGE FACULTY ASN	$17,460
FEA - PACIFIC AREA COUNCIL	$0
FEA - STATESIDE REGION	$0
FEA-EUROPE AREA COUNCIL	$0
FLORIDA EDUCATION ASN	$0
GRAND RAPIDS EDUCATIONAL SUPPORT	$60,772
ILLINOIS EDUCATION ASSOCIATION	$0
LAVELLE SCHOOL PROFESSIONAL STAFF ASSN	$35,874
MAINE EDUCATION ASSOCIATION	$0
MICHIGAN EDUCATION ASSOCIATION	$0
MILTON HERSHEY EDUCATION ASN	$0
OHIO EDUCATION ASSOCIATION	$0
PART TIME FACULTY ASSOCIATION	$63,713
PENNSYLVANIA	$0
PENNSYLVANIA VIRTUAL CHARTER EDUCATION ASSOCIATION	$77,451
PSEA RIVERSIDE EDUCATIONAL SUPPORT PERSONNEL	$17,000
PSEA VIRTUAL CLASSROOM TEACHERS	$93,858
R I SCHOOL OF DESIGN FACULTY	$115,108
R WMS COLL ASN CLERICALS/TECHNICALS	$42,193
RHODE ISLAND NATIONAL EDUCATION ASN	$0
RISD TECHNICAL ASSOCIATION	$0
ROGER WILLIAMS UNIVERSITY FACULTY	$144,178
UNITED EDUCATIONAL SUPPORT PERSONNEL ASSOCIATION	$12,630
UNITED FACULTY OF FLORIDA	$0
UNIV OF DETROIT PROFESSORS' UNION	$177,004
UNIVERSITY OF DETROIT SUPPORT STAFF	$36,163
VERMONT-NATIONAL EDUCATION ASN	$0
YOUNG SCHOLARS OF CENTRAL PA EDUCATION ASSOCIATION	$31,265
TOTAL	**$1,030,246**

Locals Affiliated with International Association of Fire Fighters

BOEING FIRE FIGHTERS/INDUSTRIAL	$60,607
CALIFORNIA PROFESSIONAL FIREFIGHTERS	$0
CAMP PARKS PROFESSIONAL FIREFIGHTERS	$6,965
CAMP PENDLETON LOCAL	$35,138

CUMBERLAND VALLEY	$2,679
DOBBINS AFB LOCAL	$4,098
FIVE CITIES FIREFIGHTERS	$0
FORT LEE FIRE & EMERGENCY SERVICES	$6,921
GRAND FORKS SAFEGUARD FIREFIGHTERS ASSOCIATION	$5,723
GREEN BAY AREA	$83,374
HANFORD FIREFIGHTERS/BCFD#2	$67,227
HANSCOM AIRFORCE BASE FIRE DEPT.	$8,956
IOWA PROF FIRE FIGHTERS A-00-14	$0
KAPL PROFESSIONAL FIREFIGHTER ASSOCIATION	$2,957
LEXINGTON BLUE GRASS ARMY DEPOT	$4,840
LOCAL UNION 108	$6,487
LOCAL UNION 1117	$11,066
LOCAL UNION 123	$5,867
LOCAL UNION 14	$10,215
LOCAL UNION 17	$4,456
LOCAL UNION 170	$4,665
LOCAL UNION 191	$6,924
LOCAL UNION 211	$10,554
LOCAL UNION 263	$37,235
LOCAL UNION 267	$8,004
LOCAL UNION 281	$8,785
LOCAL UNION 282	$53,090
LOCAL UNION 283	$45,880
LOCAL UNION 33	$48,987
LOCAL UNION 37	$7,771
LOCAL UNION 68	$7,590
LOCAL UNION 154	$6,701
LOCAL UNION 100	$3,601
LOCAL UNION 102	$9,614
LOCAL UNION 105	$6,640
LOCAL UNION 116	$13,371
LOCAL UNION 147	$3,903
LOCAL UNION 25	$36,954
LOCAL UNION 88	$13,488
LOCAL UNION 89	$19,230
MISSOURI STATE COUNCIL OF FIRE FIGTHERS	$0
MOFFETT FIELD FIRE FIGHTERS ASSOCIATION	$0
MUSCATINE FIREFIGHTERS ASSOCIATION	$0
NATIONAL CAPITAL FEDERAL FIRE FIGHTERS	$30,476
NAVAL AIR STATION LOCAL	$6,825
NIH PROFFESSIONAL FIREFIGHTERS	$4,401
PENNSYLVANIA PROFESSIONAL FIRE FIGHTERS	$0
PROFESSIONAL FIRE FIGHTERS ASN, NY	$0

PROFESSIONAL FIRE FIGHTERS OF OKLAHOMA	$254
PROFESSIONAL FIRE FIGTHERS OF WISCONSIN	$0
ROBINS AIR FORCE BASE	$5,502
ROCK ISLAND ARSENAL	$4,561
SAN MATEO COUNTY FIREFIGHTERS	$166,315
STATE ASSOCIATION 45	$0
TAG 914	$5,937
TEXAS STATE ASSOCIATION OF FIRE FIGHTERS	$0
UNIFORMED PROFESSIONAL OF CONNECTICUTT	$0
UNITED EMERGENCY MEDICAL PROFESSION	$68,560
UNITED MARICOPA COUNTY FIREFIGHTERS	$47,003
WALTER REED AMC	$6,447
WHITE SANDS MISSILE RANGE FD	$11,046
X-10 INDUSTRIAL FIREFIGHTERS	$6,590
YAKIMA TRAINING CENTER FD UNION	$3,048
TOTAL	**$1,047,528**

TABLE 2.—FISCAL YEAR 2018 DISBURSEMENTS TO INTERMEDIATE STATE-LEVEL LABOR ORGANIZATIONS

American Federation of Teachers[17]

AFT ALABAMA	$61,621
AFT INDIANA	$44,127
AFT KANSAS	$60,524
AFT MARYLAND	$280,230
AFT MISSISSIPPI	$89,409
AFT PENNSYLVANIA	$338,161
FLORIDA EDUCATION ASSOCIATION	$693,461
NORTH DAKOTA	$178,701
TOTAL	**$1,746,234**

International Association of Fire Fighters

ILLINOIS	$18,620
RHODE ISLAND	$11,100
TOTAL	**$29,720**

[17] Included in these totals were the following ancillary organizations and funds that had the same mailing addresses as the intermediate labor organization: The AFT Maryland Solidarity Fund, The Louisiana Federation of Teacher's F of T/AFT Peg fund, the Georgia Federation of Teacher's "Cope" project, the Florida Joint Organizing Project, AFT Pennsylvania's Solidarity Fund, and Vermont's Solidarity Fund.

National Education Association

ALABAMA	$3,114,390
ALASKA	$1,931,082
ARIZONA	$2,101,734
ARKANSAS	$635,161
COLORADO	$2,291,781
CONNECTICUT	$1,609,485
DELAWARE	$994,853
FLORIDA	$3,435,500
GEORGIA	$1,050,613
HAWAII	$948,354
IDAHO	$779,714
IOWA	$1,166,944
INDIANA	$1,473,773
KANSAS	$879,254
KENTUCKY	$1,505,270
LOUISIANA	$1,655,376
MARYLAND	$3,194,106
MASSACHUSETTS	$3,679,465
MISSISSIPPI	$588,430
MISSOURI	$1,153,029
MONTANA	$0
NEBRASKA	$1,395,713
NEVADA	$1,187,793
NEW HAMPSHIRE	$961,472
NEW JERSEY	$6,858,117
NEW MEXICO	$1,100,735
NEW YORK	$2,343,591
NORTH DAKOTA	$1,189,615
OKLAHOMA	$1,468,118
OREGON	$2,071,153
PENNSYLVANIA	$6,105,353
SOUTH CAROLINA	$749,964
SOUTH DAKOTA	$733,007
TENNESSEE	$1,732,573
TEXAS	$2,100,400
UTAH	$703,996
VIRGINIA	$2,579,663
WASHINGTON	$3,446,409
WEST VIRGINIA	$805,839
WISCONSIN	$1,938,230

WYOMING	$811,163
TOTAL	**$74,471,218**

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