



Comments of the Regulatory Action Center

Re: Labor Organization Annual Financial Reports: LM Form Revisions

Docket ID: 85 FR 64726

December 14, 2020

The Regulatory Action Center at FreedomWorks Foundation is dedicated to educating Americans about the impact of government regulations on economic prosperity and individual liberty. FreedomWorks Foundation is committed to lowering the barrier between millions of FreedomWorks citizen activists and the rule-making process of government bureaus to which they are entitled to contribute.

On behalf of over 5.7 million activists nationwide, FreedomWorks Foundation appreciates the opportunity to offer these comments regarding the notice and request for comments on Labor Organization Annual Financial Reports: LM Form Revisions (85 FR 64726). This notice seeks comment on the proposed revisions to the labor union reporting standards by modifying Form LM-2 in an effort to bring greater integrity and transparency to labor union financial reporting.

As the notice points out, the original intent of the Labor Management Relations Disclosure Act of 1959 (LMRDA) was to bring accountability and transparency to the operation of labor unions. [Title 29](#), which contains LMRDA, plainly states that action in this area was necessary as a result of “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.” Since then, the most recent time these provisions were updated was under the administration of President George W. Bush. The Obama administration also attempted to update Form LM-2, but this proposal never came to fruition.

Now, nearly 20 years later, the reporting process for labor unions retains many of the issues that both the Bush and Obama administrations attempted to address. Namely, the vagaries of Form LM-2 have allowed questions of transparency and accountability to continue to cloud large labor unions. In short, there should be no significant difference between their reporting requirements and those of other organizations like nonprofits and private corporations. Labor unions should be held to the same standards as everyone else.

Towards this end, this proposal by the Labor-Management Standards Office (LMSO) seeks to make positive strides towards addressing the issues with form LM-2. Eliminating the



confidential exemption is one such area where the LMSO should take action. These exemptions have historically allowed labor unions to hide finances from their members. Closing these loopholes will bring much needed transparency to the reporting process so that members of these organizations have an accurate understanding of their labor union.

Similarly, the administration should move forward with the proposal to require disclosure of any “direct or indirect disbursements to each officer and all employees receiving \$10,000 or more in aggregate from the labor organization.” This move would be another boon for transparency, allowing organization members the right to know crucial payroll information before deciding whether or not to join said organization. In doing so, the LMSO would be bringing the disclosure requirements for labor unions up to par with other types of organizations.

Union members deserve a clear and fair accounting of the actions of their labor organization. Unfortunately, the reporting process has made this quite difficult, as some organizations have used inefficiencies and loopholes to intentionally hide information they wish not to make public.

Considering the timeframe for this proposed rule, we would also encourage LMSO to expedite final approval. Given the outcome of the November election, it is quite likely that President-elect Biden will assume office before this rule is finalized. In that event, the future administration is likely to exercise their right to issue a moratorium on all regulations from the Trump administration still being processed. This would effectively destroy any current attempt to improve Form LM-2. As such, it is crucial that ESA expedite this rule so that it can be implemented before the expected moratorium.

FreedomWorks Foundation appreciates the opportunity to offer these comments in support of the proposed changes to Form LM-2. Hopefully, LMSO will be able to finalize this rule and bring further accountability to labor union reporting.

Respectfully submitted,

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