

FY 2019

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF LABOR-MANAGEMENT STANDARDS

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OFFICE OF LABOR-MANAGEMENT STANDARDS

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OFFICE OF LABOR-MANAGEMENT STANDARDS

OFFICE OF LABOR-MANAGEMENT STANDARDS

SALARIES AND EXPENSES

For necessary expenses for the Office of Labor-Management Standards, \$46,634,000.

Note.—A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

OFFICE OF LABOR-MANAGEMENT STANDARDS

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2017 Enacted		FY 2018 Full Year C.R.		FY 2019 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	190	\$38,187	179	\$38,187	236	\$46,634
<i>Subtotal Appropriation</i>	<i>190</i>	<i>\$38,187</i>	<i>179</i>	<i>\$38,187</i>	<i>236</i>	<i>\$46,634</i>
Reduction (Pursuant to 115-56)	0	\$0	0	-\$259	0	\$0
Offsetting Collections From:						
Transfer from ETA SUIESO (Pursuant to P.L.115-31)	6	\$1,145	0	\$0	0	\$0
B. Gross Budget Authority	196	\$39,332	179	\$37,928	236	\$46,634
Offsetting Collections From:						
Transfer from ETA SUIESO (Pursuant to P.L. 115-31)	-6	-\$1,145	0	\$0	0	\$0
C. Budget Authority Before Committee	190	\$38,187	179	\$37,928	236	\$46,634
Offsetting Collections From:						
Transfer from ETA SUIESO (Pursuant of P.L 115-31)	6	\$1,145	0	\$0	0	\$0
D. Total Budgetary Resources	196	\$39,332	179	\$37,928	236	\$46,634
FTE Lapse and Unobligated Balance Expiring	-1	-\$104	0	\$0	0	\$0
E. Total, Estimated Obligations	195	\$39,228	179	\$37,928	236	\$46,634

OFFICE OF LABOR-MANAGEMENT STANDARDS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2018 Full Year C.R.	FY 2019 Request	Net Change
Budget Authority			
General Funds	\$37,928	\$46,634	+\$8,706
Total	\$37,928	\$46,634	+\$8,706
Full Time Equivalents			
General Funds	179	236	57
Total	179	236	57

Explanation of Change	FY 2019 Change							
	FY 2018 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	179	\$19,176	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$6,656	0	\$0	0	\$0	0	\$0
Employee health benefits	0	\$0	0	\$0	0	\$0	0	\$0
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$0	0	\$109	0	\$109
Federal Employees' Compensation Act (FECA)	0	\$79	0	\$0	0	\$2	0	\$2
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$451	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,670	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$30	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$177	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$13	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$6,115	0	\$0	0	\$0	0	\$0
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$270	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$72	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0

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FY 2019 Change

Explanation of Change	FY 2018 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$0	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$3	0	\$0	0	\$0	0	\$0
Equipment	0	\$0	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	179	+\$35,712	0	\$0	0	+\$111	0	+\$111
B. Programs:								
Enforcement Program Restoration	145	\$21,433	0	\$0	39	\$5,939	39	\$5,939
International Union Audits Enforcement	0	\$0	0	\$0	18	\$2,767	18	\$2,767
Programs Subtotal			0	\$0	57	+\$8,706	57	+\$8,706
Total Increase	179	+\$35,712	0	\$0	57	+\$8,817	57	+\$8,817
Decreases:								
A. Built-Ins:								
To Provide For:								
Other services from non-Federal sources	0	\$452	0	\$0	0	-\$52	0	-\$52
Operation and maintenance of equipment	0	\$1,685	0	\$0	0	-\$40	0	-\$40
Equipment	0	\$79	0	\$0	0	-\$19	0	-\$19
Built-Ins Subtotal	0	+\$2,216	0	\$0	0	-\$111	0	-\$111
B. Programs:								
Total Decrease	0	+\$2,216	0	\$0	0	-\$111	0	-\$111
Total Change	179	+\$37,928	0	\$0	57	+\$8,706	57	+\$8,706

OFFICE OF LABOR-MANAGEMENT STANDARDS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2017 Enacted		FY 2018 Full Year C.R.		FY 2019 Request		Diff. FY19 Request / FY18 Full Year C.R	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Office of Labor-Management Standards	195	38,187	179	37,928	236	46,634	57	8,706
General Funds	195	38,187	179	37,928	236	46,634	57	8,706
Total	195	38,187	179	37,928	236	46,634	57	8,706
General Funds	195	38,187	179	37,928	236	46,634	57	8,706

NOTE: 2017 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
	Full-Time Equivalent				
	Full-time Permanent	189	178	235	57
	Other	1	1	1	0
	Total	190	179	236	57
	Average ES Salary	\$172,914	\$187,000	\$190,740	\$3,740
	Average GM/GS Grade	12/7	12/9	12/9	0
	Average GM/GS Salary	\$97,130	\$101,272	\$101,647	\$375
11.1	Full-time permanent	18,693	18,752	25,559	6,807
11.3	Other than full-time permanent	65	49	49	0
11.5	Other personnel compensation	345	375	375	0
11.9	Total personnel compensation	19,103	19,176	25,983	6,807
12.1	Civilian personnel benefits	6,837	6,735	8,745	2,010
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	593	451	451	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,713	2,670	2,670	0
23.2	Rental payments to others	23	30	30	0
23.3	Communications, utilities, and miscellaneous charges	200	177	177	0
24.0	Printing and reproduction	12	13	13	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	676	452	400	-52
25.3	Other goods and services from Federal sources 1/	5,984	6,457	6,457	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	1,740	1,685	1,645	-40
26.0	Supplies and materials	58	3	3	0
31.0	Equipment	248	79	60	-19
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	38,187	37,928	46,634	8,706
	1/Other goods and services from Federal sources				
	Working Capital Fund	5,984	6,115	6,115	0
	DHS Services	0	270	270	0
	GSA Services	0	16	16	0
	Services by Other Government Departments	0	53	53	0

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Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 86-257	Labor-Management Reporting and Disclosure Act of 1959, as amended.	29 U.S.C. 401			N/A
PUB. L. 95-454	Civil Service Reform Act of 1978	5 U.S.C. 7101			N/A
PUB. L. 88-365	Urban Mass Transportation Act of 1964, as amended.	49 U.S.C. 533 (b)			N/A
PUB. L. 102-240	Rail Passenger Service Act of 1970 as amended.	45 U.S.C. 501 et seq.			N/A
PUB. L. 91-518	Postal Reorganization Act of 1970.	39 U.S.C. 101			N/A
PUB. L. 91-375	Foreign Service Act of 1980.	22 U.S.C. 3901			N/A
PUB. L. 96-465	Congressional Accountability Act of 1995.	2 U.S.C. 1301			N/A

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2009					
Base Appropriation...1/	\$58,256			\$44,938	297
2010					
Base Appropriation...1/	\$40,557	\$40,557	\$40,557	\$41,319	269
2011					
Base Appropriation	\$45,181		\$41,367	\$40,476	247
2012					
Base Appropriation	\$41,367			\$41,289	230
2013					
Base Appropriation...2/	\$41,771			\$39,129	228
2014					
Base Appropriation...3/	\$46,891			\$39,129	218
2015					
Base Appropriation	\$41,236			\$39,129	215
2016					
Base Appropriation	\$46,981	\$36,000	\$42,000	\$40,593	209
2017					
Base Appropriation	\$45,691			\$38,187	196
2018					
Base Appropriation...4/	\$46,634	\$41,129			
2019					
Base Appropriation	\$46,634				236

1/ FY 2009 and FY 2010 reflect amounts reallocated from the dissolution of ESA's Program Direction Support.

2/ FY 2013 reflect a 0.2% across the board rescission pursuant to P.L. 113-6 and the sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

3/ FY 2014 reflect the Appropriations amount passed as part of P.L. 113-76, which did not include any rescissions.

4/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

OFFICE OF LABOR-MANAGEMENT STANDARDS

OVERVIEW

Introduction

The Office of Labor-Management Standards (OLMS) administers the Labor-Management Reporting and Disclosure Act (LMRDA) and related laws. These laws promote financial integrity by imposing protections on labor union assets, transparency by requiring public disclosure reporting by unions, union officials, employers, labor consultants, and others, and democracy by establishing standards for conducting union officer elections.

OLMS also administers employee protections under various federally sponsored transportation programs that require protective arrangements for transit employees when federal funds are used to acquire, improve, or operate a transit system. These arrangements must be approved by OLMS before federal funds may be released to grantees.

OLMS focuses on improving program effectiveness and efficiency in support of the agency's three priority performance goals:

1) Increasing the percentage of compliance audits that lead to criminal investigations:

The OLMS Compliance Audit Program (CAP) is designed to detect embezzlements and other criminal and civil violations of the LMRDA in labor organizations, using specialized auditing, investigating, and report writing techniques. In FY 2009, OLMS established a goal to increase the rate at which audits of labor unions result in the opening of a criminal investigation (the "fallout" rate). This increase is accomplished by identifying and prioritizing audits of unions which have indications that fraud or embezzlement might have occurred. The program has two complementary goals: 1) protect union members' financial assets through criminal investigations for fraud and embezzlement; and 2) educate union officials on LMRDA requirements regarding financial bookkeeping and reporting. Better audit targeting helps prevent enforcement and audit activities from imposing undue burden on unions that are in compliance with the LMRDA. OLMS seeks to identify at-risk unions by making better use of information reported to OLMS on union financial reports and other historical data as well as human intelligence (tips from union members, other law enforcement agencies, etc.). OLMS intends to continue evaluating data gathered through the financial reporting system as well as internally generated data and increase the fallout rate over time.

2) Increasing the percentage of required reports filed electronically:

Unions must file annual financial reports (Forms LM-2, LM-3, LM-4, or simplified filings) with OLMS. Unions must also file trusteeship reports (Forms LM-15, LM-16) when supervision is established over a subordinate body. Other entities – employers (Form LM-10), labor relations consultants (Forms LM-20, LM-21), union officers and employees (Form LM-30), and surety companies (Form S-1) – are also required to file reports under certain circumstances. In many cases, regulations allow filers to submit the reports electronically or on paper, as they choose. The direct benefits of electronic filing include ease of filing,

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increased transparency, and cost savings both to filers and the government. Between FY 2011 and FY 2016, OLMS implemented an electronic filing system for Form LM-2, LM-3, LM-4, and LM-30 filers. The result is that the majority of filers now have access to electronic filing. OLMS will continue promoting the use of the electronic filing system through compliance assistance and other activities.

3) Reducing the number of elapsed days for investigating union election complaints:

The LMRDA requires that labor unions holding elections of their officers: use a secret ballot, provide their members a reasonable opportunity to nominate candidates and vote, mail notice of elections to members, and establish other safeguards to ensure a fair election. The LMRDA also gives union members who believe these election standards have been violated the right to file a complaint with the Secretary of Labor. OLMS is responsible for investigating these complaints and taking appropriate enforcement action, including bringing a lawsuit in U.S. district court, if warranted. Election case lawsuits brought under the LMRDA must be filed within 60 days of receipt of a complaint, unless the labor union agrees to a waiver of the filing deadline. To meet this statutory goal, OLMS analyzes internal data sources to better identify efficiencies in the case processing system and better predict and reduce the incidence of waivers. OLMS believes that employing a data driven approach and continuous cycle of evaluation enhance the efficiency and effectiveness of the case processing system.

OLMS' FY 2019 request features the following increases and decreases in funding resulting in a net increase of \$8.706 million and 57 FTE over FY 2018:

Program Increases

- Enforcement Program Restoration – \$5,939,000 and 39 FTE to restore core enforcement programs and better protect union financial integrity and democracy;
- International Union Audits Enforcement – \$2,767,000 and 18 FTE to bring the International Union Compliance Audit Program (I-CAP) into full operation.

With this increase, OLMS' ability to pursue program improvements that deliver more effective and efficient protection of union financial assets will be greatly enhanced as follows:

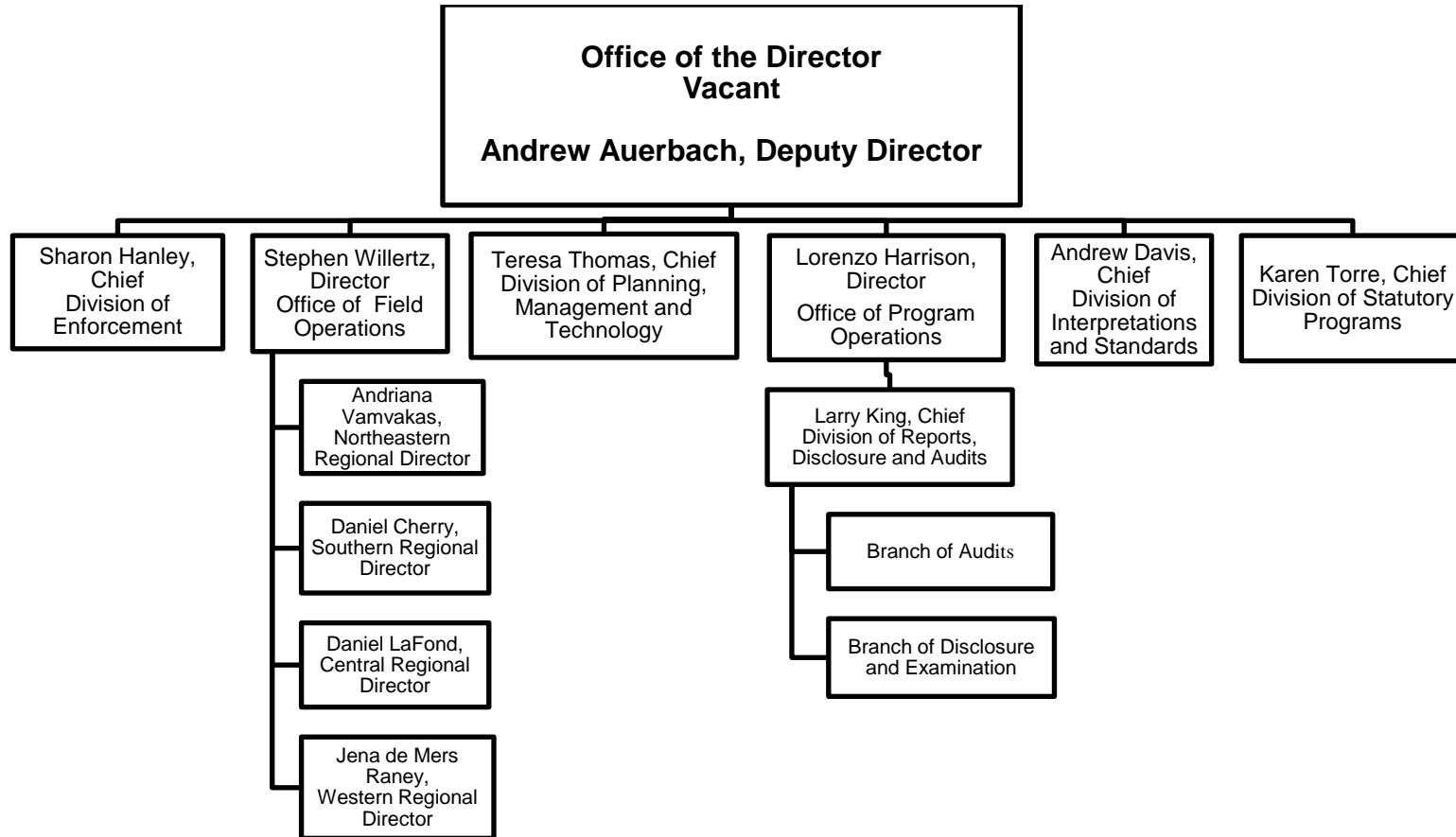
- Audit for the first time since 2010 national and international labor unions to detect embezzlements and ensure and promote compliance with the LMRDA. Once the program is fully staffed and functioning, OLMS estimates that it will be able to complete 10 or more I-CAP audits annually.
- Conduct 360 compliance audits of local and intermediary unions to uncover violations of the LMRDA and complete 300 criminal investigations.
- Leverage compliance assistance resources to achieve 15,000 participant compliance assistance hours to: 1) ensure new participants to the e-filing system submit their forms in a correct and timely manner, 2) help unions with election procedures, and 3) provide assistance with bonding requirements.
- Increase the utility, and expand the scope, of the Voluntary Compliance Partnership (VCP) program, through which OLMS partners with a number of international and

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national unions to improve compliance with the LMRDA among their local affiliates. This voluntary program uses data to help the VCP partner organizations direct their compliance efforts to those subordinate unions that are most out of compliance with the LMRDA. By securing the voluntary assistance of union leadership, this program reduces the work demands on OLMS employees so that limited resources can be targeted to other priorities. These compliance efforts may also increase the percentage of unions electronically filing reports and reduce the amount of time OLMS staff spend attempting to procure delinquent reports (all of which support the OLMS goal of increasing transparency). The VCP is mostly staffed by field investigators therefore the additional funds will enable OLMS to expand its compliance assistance efforts.

- Improve OLMS provision of public disclosure and other information by analyzing customer feedback of its website to identify ways in which the agency can improve services for stakeholders and the public.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
Activity Appropriation	38,187	37,928	46,634	8,706
FTE	195	179	236	57

NOTE: FY 2017 reflects actual FTE. Authorized FTE for FY 2017 was 196.

Introduction

The Office of Labor-Management Standards is tasked with upholding the Labor-Management Reporting and Disclosure Act (LMRDA). The investigation of labor union funds embezzlement is a major OLMS enforcement activity. OLMS also conducts audits of local or intermediate unions under the Compliance Audit Program to detect possible union fund embezzlements, determine overall compliance with the LMRDA, and provide compliance assistance to union officials. Embezzlement investigations are opened when OLMS obtains credible information indicating fraud or misappropriation of union funds either through an audit or other information.

OLMS provides workers with ready access to essential information about their labor union’s financial conditions, operations, activities, and their union officers and employees. Labor unions covered by the LMRDA and related laws must file annual financial reports with OLMS. Other reports must be filed by union officers, union employees, employers, labor consultants, and surety companies. OLMS operates an electronic filing system for LMRDA reports and an Internet-based public disclosure system that provides public access to information from filed reports. Timely and accurate reporting allows workers to monitor the financial operations of their union, ensures that a union’s governance is democratic, and that union assets are used solely for the benefit of the members. Failure to operate democratically and with financial integrity can lead to flawed officer elections and fraud or embezzlement.

The investigation of labor union officer elections is another major OLMS enforcement activity. OLMS opens an investigation of union officer elections on receipt of a complaint from a member alleging that an election was flawed or undemocratic. At the conclusion of the investigation, OLMS may need to supervise a rerun of the subject election.

Additionally, OLMS has the responsibility under the Federal Transit Act to certify that labor protections are in place prior to the approval of Federal transit grants. A transit agency receiving Federal mass transit funds must protect all covered mass transit employees affected by the use of the Federal money. The law specifies that “fair and equitable” arrangements must be in place that provide for the preservation of rights and benefits of employees under existing collective bargaining agreements, continuation of collective bargaining rights, protection of individual employees against a worsening of their positions in relation to their employment, assurances of employment to employees of acquired transit systems, priority of reemployment, and paid training or retraining programs. OLMS must approve the arrangements made to protect these employees.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$39,129	218
2015	\$39,129	215
2016	\$40,593	209
2017	\$38,187	196
2018	\$0	0

NOTE: A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

FY 2019

The FY 2019 budget includes a request for \$2,767,000 to re-establish the International Union Compliance Audit Program (I-CAP). These important audits safeguard union members' assets held at the international and national level of union governance by detecting embezzlements and other criminal and civil violations. It is important to identify these violations, because the International/National Unions oversee local unions and intermediary bodies and they have substantial power over these subordinate bodies. The financial environment of international and national unions is far more complex than that of local and intermediary unions because of the significantly higher level of assets, receipts, disbursements, etc. Therefore, these audits are more labor intensive than audits of local and intermediary unions. From FY 2004 through FY 2010, OLMS completed 35 complex I-CAP audits, conducting approximately seven each year with a contingent of approximately 12 FTE. These audits uncovered 304 reporting violations, 109 recordkeeping violations, 126 internal control weaknesses, and 22 bonding violations. They also uncovered criminal violations resulting in three criminal investigations, which produced three indictments and three criminal convictions. For example, in September 2014, an I-CAP case opened years earlier resulted in JC Stamps, former Executive Director and Founder of the National Union of Protective Services Associations (NUPSA) and the National Union of Law Enforcement Associations (NULEA), being sentenced to nine months of confinement in a community correctional facility, three years of supervised probation, 100 hours of community service, and was ordered to pay restitution of \$192,091. The 35 I-CAP audits also established a visible OLMS enforcement presence in the international union labor community, which though difficult to measure, has the benefit of producing a deterrent effect throughout the network of international unions. Similarly, the known lack of such audits since 2010 may have resulted increased opportunity for wrongdoing. There are 150 international/national unions averaging \$67 million in assets and averaging \$54 million in annual receipts, leaving \$10 billion in total assets and \$8 billion in total annual receipts exposed to fraud and/or embezzlement since the last I-CAP audits were conducted in 2010. By re-establishing the I-CAP with 18 FTE, OLMS will be positioned, when it is fully staffed and functioning, to conduct 10 or more I-CAPS audits per year and again carry out its mission under the LMRDA to protect members' assets at all levels of labor union organizations.

The FY 2019 budget request also includes \$5,939,000 to restore OLMS' core enforcement program which has been greatly reduced over the past 9 years. Beginning in FY 2008, decreased

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appropriations and increased operating expenses caused OLMS to lose a third of its FTE and curtail its investigative activities. This greatly reduced its enforcement presence and left unions vulnerable to fraud, embezzlement, lack of transparency and reduced levels of democracy. For example, in 2007, OLMS conducted over 400 criminal investigations, obtained 100 indictments and 118 convictions. In 2017, OLMS conducted 248 criminal investigations and obtained 77 indictments and 79 convictions. The reduction in cases processed was due strictly to a reduction in the number of investigators and not in a reduction of cases per investigator. In fact, OLMS investigators are, today, more efficient in cases-per-investigator than they were in 2007. OLMS will re-establish its presence by increasing its investigative staff, increasing training and properly equipping its investigative workforce. Restoring the enforcement program through these additional resources will better position OLMS to fulfill its statutory purpose: ensuring union dues are used for the benefit of the members, financial operations and activities are transparent, and labor union officers are elected under fair and democratic procedures by conducting 360 audits and raising the number of indictments and convictions achieved annually.

OLMS will continue to certify that labor protections are in place prior to approving Federal transit grants under the Federal Transit Act.

FY 2018

A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

FY 2017

At the enacted funding level of \$38,187,000, OLMS worked to maintain its core functions of administering the LMRDA and ensuring employee protections under the Federal Transit Act but was only able to avoid furloughs with a transfer of funds in the amount of \$1,145,000. With a funding level of \$39,332,000, OLMS continued to focus on its three priority programs to promote union financial integrity, financial transparency, and democracy. In support of these objectives, the number of elapsed days for investigating union election complaints was 65 days; the percentage of compliance audits that lead to criminal investigations was 18.75 percent; and the percentage of required reports that were filed electronically was 58 percent. OLMS conducted 256 union audits under the Compliance Audit Program to determine unions' overall compliance with the LMRDA.

OLMS continued to certify that labor protections are in place prior to approving Federal transit grants under the Federal Transit Act.

Workload and Performance Summary

OLMS' two major enforcement activities are the investigation of: 1) union officer elections and 2) embezzlement of union funds. Supporting these two enforcement activities are the reporting

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and public disclosure requirements of the LMRDA. To increase overall compliance with the LMRDA and other regulations, OLMS provides compliance assistance information both in-person and online.

As one of its priority programs, OLMS promotes union financial integrity by enforcing the LMRDA requirement that union assets are used for the sole benefit of members. OLMS protects these assets by conducting targeted union compliance audits at all levels of the labor union hierarchy. OLMS uses data analytics to determine which unions are at higher risk for experiencing fraud or embezzlement based upon characteristics of the union gathered from both external and internal sources. The methodology allows OLMS to better direct resources such as investigator time to higher risk unions and reduces the time spent on audits that do not yield criminal cases. This also reduces the burden on unions who are in compliance by lessening the risk they will be subjected to audits that use union time and resources. Concrete results from this effort have resulted in more effective compliance audits overall. The FY 2019 Budget's restoration of the core enforcement program will nearly double the number of unions audited as well as increase the reach of the compliance assistance program by achieving 15,000 participant compliance assistance hours. This will enable OLMS to safeguard union assets more broadly and likely find more cases of fraud and embezzlement.

There are nearly 22,000 International/National, intermediate and local unions subject to the LMRDA. By geographically dispersing the additional FTE in FY 2019, OLMS will have a greater physical presence in areas that have been underserved, thus creating a greater deterrent effect and enhancing our ability to provide better outreach and compliance assistance. For example, the Detroit office undertakes a substantial number of cases each year, many of them high profile. By adequately staffing offices such as Detroit, OLMS is able to use resources not only more effectively, but in a more high profile manner which can act as a deterrent. The end result will be greater transparency through more accurate and timely reporting of union finances, an increase in the detection and deterrence of embezzlement, and an increase in union member and officers' understanding of the requirements of the LMRDA.

OLMS administers LMRDA's union financial transparency requirements by receiving and then disclosing union financial reports. OLMS encourages electronic filing of required reports through regulatory changes, and outreach and compliance assistance. The electronic filing system checks reports for errors prior to submission thus increasing the quality of the filing and reducing mailing costs. Electronic filing also allows almost instant online access to electronically filed reports. Over time, OLMS can expect increased savings as electronically filed reports reduce storage and personnel costs associated with maintaining physical files. Savings will also result from reduced personnel costs involved in manual processing of paper reports. OLMS expects to continue to see increased use of the current electronic filing system.

OLMS will promote free and fair democratic union elections. The agency will achieve reductions in the number of elapsed days required to resolve election case complaints by increasing the use of investigative teams. In addition, OLMS will coordinate with the Office of the Solicitor early in the life of election cases to reduce the number of elapsed days.

OFFICE OF LABOR-MANAGEMENT STANDARDS

With respect to the I-CAP program, OLMS will collect and analyze data over FY 2019 to devise measures and set baselines against which success can be measured.

OFFICE OF LABOR-MANAGEMENT STANDARDS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
11.1	Full-time permanent	18,693	18,752	25,559	6,807
11.3	Other than full-time permanent	65	49	49	0
11.5	Other personnel compensation	345	375	375	0
11.9	Total personnel compensation	19,103	19,176	25,983	6,807
12.1	Civilian personnel benefits	6,837	6,735	8,745	2,010
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	593	451	451	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,713	2,670	2,670	0
23.2	Rental payments to others	23	30	30	0
23.3	Communications, utilities, and miscellaneous charges	200	177	177	0
24.0	Printing and reproduction	12	13	13	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	676	452	400	-52
25.3	Other goods and services from Federal sources 1/	5,984	6,457	6,457	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	1,740	1,685	1,645	-40
26.0	Supplies and materials	58	3	3	0
31.0	Equipment	248	79	60	-19
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	38,187	37,928	46,634	8,706
	1/Other goods and services from Federal sources				
	Working Capital Fund	5,984	6,115	6,115	0
	DHS Services	0	270	270	0
	GSA Services	0	16	16	0
	Services by Other Government Departments	0	53	53	0

OFFICE OF LABOR-MANAGEMENT STANDARDS

CHANGES IN FY 2019

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day more of pay	109
Federal Employees' Compensation Act (FECA)	2
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	-52
Working Capital Fund	0
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	-40
Supplies and materials	0
Equipment	-19
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$0**

Net Program **\$8,706**

Direct FTE **57**

	Estimate	FTE
Base	\$37,928	179
Program Increase	\$8,706	57
Program Decrease	\$0	0