

FY 2014

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF LABOR-MANAGEMENT STANDARDS

OFFICE OF LABOR-MANAGEMENT STANDARDS

TABLE OF CONTENTS

Appropriation Language	1
Amounts Available for Obligation.....	2
Summary of Changes	3
Summary of Budget Authority and FTE by Activity.....	5
Budget Authority by Object Class	6
Agency Outcome Goals Supporting "Good Jobs for Everyone".	7
Performance Structure	8
Authorizing Statutes.....	9
Appropriation History	10
Overview	11
Organization Chart.....	14
Budget Activities	15
Office of Labor-Management Standards	15

OFFICE OF LABOR-MANAGEMENT STANDARDS

APPROPRIATION LANGUAGE

OFFICE OF LABOR-MANAGEMENT STANDARDS

SALARIES AND EXPENSES

For necessary expenses for the Office of Labor-Management Standards, \$46,891,000.

Note: A full year FY 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for FY 2013 reflect the annualized level provided by the continuing resolution.

OFFICE OF LABOR-MANAGEMENT STANDARDS

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	230	\$41,367	228	\$41,542	229	\$46,891
Reduction pursuant to P.L. 112-74 for FY 2012	0	-\$78	0	\$0	0	\$0
<i>Subtotal Appropriation</i>	<i>230</i>	<i>\$41,289</i>	<i>228</i>	<i>\$41,542</i>	<i>229</i>	<i>\$46,891</i>
B. Gross Budget Authority	230	\$41,289	228	\$41,542	229	\$46,891
C. Budget Authority Before Committee	230	\$41,289	228	\$41,542	229	\$46,891
D. Total Budgetary Resources	230	\$41,289	228	\$41,542	229	\$46,891
FTE Lapse and Unobligated Balance Expiring	-2	-\$82	0	\$0	0	\$0
E. Total, Estimated Obligations	228	\$41,207	228	\$41,542	229	\$46,891

OFFICE OF LABOR-MANAGEMENT STANDARDS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Revised Enacted	FY 2014 Request	Net Change
Budget Authority			
General Funds	\$41,289	\$46,891	+\$5,602
Total	\$41,289	\$46,891	+\$5,602
Full Time Equivalents			
General Funds	228	229	1
Total	228	229	1

Explanation of Change	FY 2012 Base		Trust Funds		FY 2014 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	228	\$22,427	0	\$0	0	\$274	0	\$274
Personnel benefits	0	\$5,413	0	\$0	0	\$191	0	\$191
Employee health benefits	0	\$1,348	0	\$0	0	\$48	0	\$48
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$69	0	\$0	0	\$2	0	\$2
Benefits for former personnel	0	\$11	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$920	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,892	0	\$0	0	\$121	0	\$121
Rental payments to others	0	\$15	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$204	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$2	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	\$487	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$3,625	0	\$0	0	\$616	0	\$616
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$183	0	\$0	0	\$100	0	\$100
Other goods and services from Federal sources	0	\$253	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$1	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$3,211	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$104	0	\$0	0	\$0	0	\$0

OFFICE OF LABOR-MANAGEMENT STANDARDS

Explanation of Change	FY 2012 Base		Trust Funds		FY 2014 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Equipment	0	\$124	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	228	+\$41,289	0	\$0	0	+\$1,352	0	+\$1,352
B. Programs:								
Office of Labor-Management (OLMS) e.LORS IT Modernization and Transparency Initiative	0	\$2,000	0	\$0	1	\$4,250	1	\$4,250
Programs Subtotal			0	\$0	1	+\$4,250	1	+\$4,250
Total Increase	228	+\$41,289	0	\$0	1	+\$5,602	1	+\$5,602
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Total Decrease	0	\$0	0	\$0	0	\$0	0	\$0
Total Change	228	+\$41,289	0	\$0	1	+\$5,602	1	+\$5,602

NOTE: FY 2012 reflects actual FTE.

OFFICE OF LABOR-MANAGEMENT STANDARDS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request		Diff. FY 14 Request / FY 12 Rev. Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Office of Labor- Management Standards	228	41,289	228	41,542	229	46,891	1	5,602
General Funds	228	41,289	228	41,542	229	46,891	1	5,602
Total	228	41,289	228	41,542	229	46,891	1	5,602
General Funds	228	41,289	228	41,542	229	46,891	1	5,602

NOTE: FY 2012 reflects actual FTE.

OFFICE OF LABOR-MANAGEMENT STANDARDS

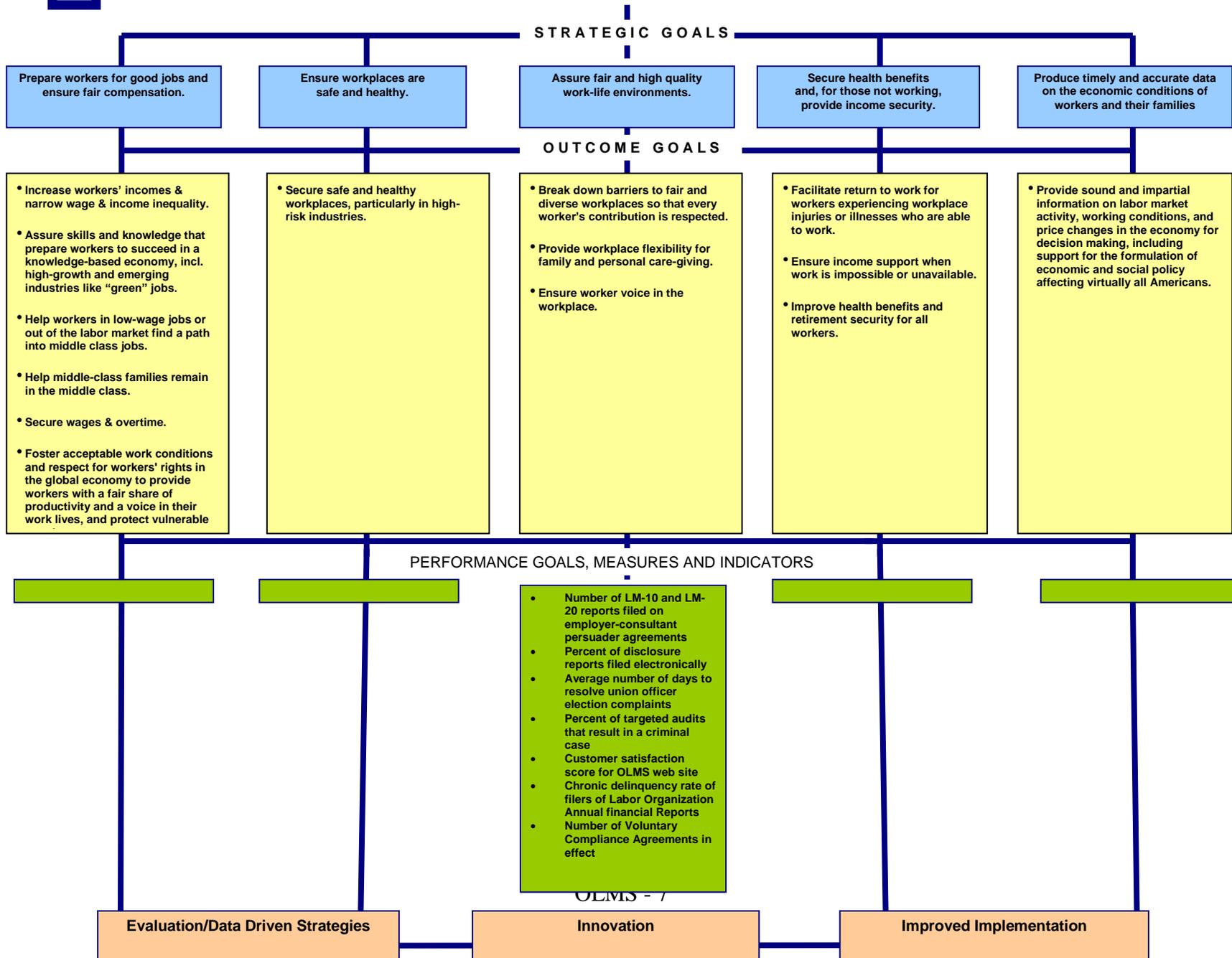
BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY14 Request / FY 12 Rev. Enacted
	Full-Time Equivalent				
	Full-time Permanent	226	226	227	1
	Other	2	2	2	0
	Total	228	228	229	1
	Average ES Salary	\$181,573	\$181,573	\$181,573	\$0
	Average GM/GS Grade	12/4	12/4	12/4	0
	Average GM/GS Salary	\$86,339	\$86,339	\$86,339	\$0
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	21,704	21,077	22,060	356
11.3	Other than full-time permanent	330	320	334	4
11.5	Other personnel compensation	393	368	395	2
11.9	Total personnel compensation	22,427	21,765	22,789	362
12.1	Civilian personnel benefits	6,830	7,072	7,109	279
13.0	Benefits for former personnel	11	11	11	0
21.0	Travel and transportation of persons	920	924	920	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,892	2,801	3,013	121
23.2	Rental payments to others	15	15	15	0
23.3	Communications, utilities, and miscellaneous charges	204	243	204	0
24.0	Printing and reproduction	2	18	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	487	555	487	0
25.3	Other goods and services from Federal sources 1/	4,061	4,415	4,777	716
25.4	Operation and maintenance of facilities	1	0	1	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,211	3,417	7,335	4,124
26.0	Supplies and materials	104	106	104	0
31.0	Equipment	124	175	124	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	25	0	0
	Total	41,289	41,542	46,891	5,602
	1/Other goods and services from Federal sources				
	Working Capital Fund	3,625	4,082	4,241	616
	DHS Services	183	283	283	100
	Services by DOL Agencies	63	0	63	0
	Services by Other Government Departments	190	50	190	0

NOTE: FY 2012 reflects actual FTE.

OFFICE OF LABOR-MANAGEMENT STANDARDS



Department's Vision: "Good Jobs for Everyone"



OFFICE OF LABOR-MANAGEMENT STANDARDS

PERFORMANCE STRUCTURE

Strategic and Outcome Goals Supporting <i>Good Jobs for Everyone</i>	Supporting Budget Activities
Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation	
1.1 Increase workers’ incomes and narrowing wage and income inequality.	
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like “green” jobs.	
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	
1.4 Help middle-class families remain in the middle class.	
1.5 Secure wages and overtime.	
1.6 Foster fair working conditions in the global economy that protect vulnerable people and provide workers with a fair share of productivity and voice in their work lives.	
Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	
Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments	
3.1 Break down barriers to fair and diverse work places so that every worker’s contribution is respected.	
3.2 Providing flexibility for family and personal care-giving.	
3.3 Ensure worker voice in the workplace.	Office of Labor-Management Standards
Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work and sufficient income and medical care for those who are unable to work.	
4.2 Ensure income support when work is impossible or unavailable.	
4.3 Improve health benefits and retirement security for all workers.	
Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

OFFICE OF LABOR-MANAGEMENT STANDARDS

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

OFFICE OF LABOR-MANAGEMENT STANDARDS

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2004					
Base Appropriation	\$40,631	\$0	\$0	\$38,580	347
2005					
Base Appropriation	\$43,545	\$0	\$0	\$41,681	336
2006					
Base Appropriation	\$48,799	\$0	\$0	\$45,737	384
2007					
Base Appropriation	\$52,406	\$0	\$0	\$47,753	313
2008					
Base Appropriation	\$56,888	\$0	\$0	\$44,938	317
2009					
Base Appropriation	\$58,256	\$0	\$0	\$44,938	297
2010					
Base Appropriation	\$40,557	\$40,557	\$40,557	\$41,367	269
2011					
Base Appropriation	\$45,181	\$0	\$41,367	\$41,367	249
2012					
Base Appropriation	\$41,367	\$0	\$0	\$41,289	230
2013					
Base Appropriation	\$41,771	\$0	\$0	\$41,289	228
2014					
Base Appropriation	\$46,891	\$0	\$0	\$0	0

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

OFFICE OF LABOR-MANAGEMENT STANDARDS

Introduction

The Office of Labor-Management Standards (OLMS) administers the Labor-Management Reporting and Disclosure Act (LMRDA) of 1959, as amended, and related laws. These laws primarily establish safeguards for labor union democracy and union financial integrity and require public disclosure reporting by unions, union officers, union employees, employers, labor consultants, and surety companies.

OLMS also administers employee protections under various Federally-sponsored transportation programs that require fair and equitable 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 comprises a nationwide staff of investigators, analysts, accountants, and administrative employees who share responsibilities for enforcing the laws OLMS administers. OLMS' enforcement responsibilities protect labor unions and workers. The agency, thereby, directly supports the Department's vision of *good jobs for everyone* and contributes to its outcome goal of assuring workers *a voice in the workplace*.

OLMS remains committed to addressing societal problems in alignment with its mission. In passing the LMRDA, Congress identified three aspects of union affairs that the Act was designed to address: members' rights to a democratically run union; financial integrity (in which union assets are used solely for union members' benefit); and transparency of union finances and labor-management activities.

OLMS continues to focus on improving efficiencies and effectiveness in programs supporting its three priority performance goals: 1) reducing the number of elapsed days in investigating union election complaints; 2) increasing the percentage of compliance audits that lead to criminal investigations; and 3) increasing the percentage of required reports filed electronically.

- By statute, election case lawsuits brought under the LMRDA must be filed within 60 days of receipt of a complaint, unless a waiver is sought and granted. In FY 2008, OLMS determined that its baseline/average had grown to 92 elapsed days per case despite the 60-day statutory deadline. Beginning in FY 2009, OLMS created a goal to reduce elapsed days – and in subsequent fiscal years, has set ever more ambitious targets for improvement. The goal in FY 2012 was 76 days and 75 days for FY 2013. OLMS has achieved a reduction in elapsed days by strengthening its internal processes and improving coordination with the Department of Labor (DOL) Solicitor's Office.
- In FY 2009, OLMS established a goal to increase its compliance audit program fallout rate, which is the rate at which audits of labor unions lead to the opening of a criminal investigation. In FY 2012, OLMS de-prioritized conducting compliance audits in order to focus staff resources on higher priority performance goals. Since compliance audits produce a significant share of OLMS criminal investigations, OLMS initially anticipated opening fewer criminal investigations arising from audits. However, by using statistical methodologies to identify cases where an audit is more likely to uncover evidence of

OFFICE OF LABOR-MANAGEMENT STANDARDS

fraud or embezzlement, and by then targeting which audits to undertake based upon this statistical evidence, OLMS expects to increase the fallout rate and thereby mitigate this decline in criminal cases. In FY 2012, OLMS formed a task force to study and investigate more effective means of targeting audits, and the findings resulted in increases in the fallout rate. OLMS raised its targeted fallout goal for FY 2013 and again for FY 2014 in anticipation of more effective targeting methodologies. OLMS will track this measure and, where possible, will continue to establish even more ambitious targets. In FY 2014, OLMS will continue the efforts of the task force to further strengthen and refine its targeting efforts.

- The third priority performance goal is to increase the percent of reports filed electronically. In addition to the benefits of electronic filing, which include ease of filing, increased transparency, and savings (resulting from lower scanning costs), OLMS believes that electronic filing will result in program efficiencies. Among these efficiencies are fewer deficiencies in the reports that are electronically filed as well as a reduction in the number of delinquent filers. Reduction in deficient and delinquent reports will result in fewer cases being opened to investigate these violations of the law. In FY 2011, OLMS implemented an electronic filing system (EFS) for Form LM-2, LM-3, and LM-4 filers. The reaction to EFS has been greater than anticipated and through the end of FY 2012, performance exceeded original targets. OLMS credits its outreach efforts and voluntary compliance agreements with providing the motivation for unions to file electronically. To continue to encourage electronic filing, OLMS seeks to expand EFS for those reports for which e-filing is not currently available.

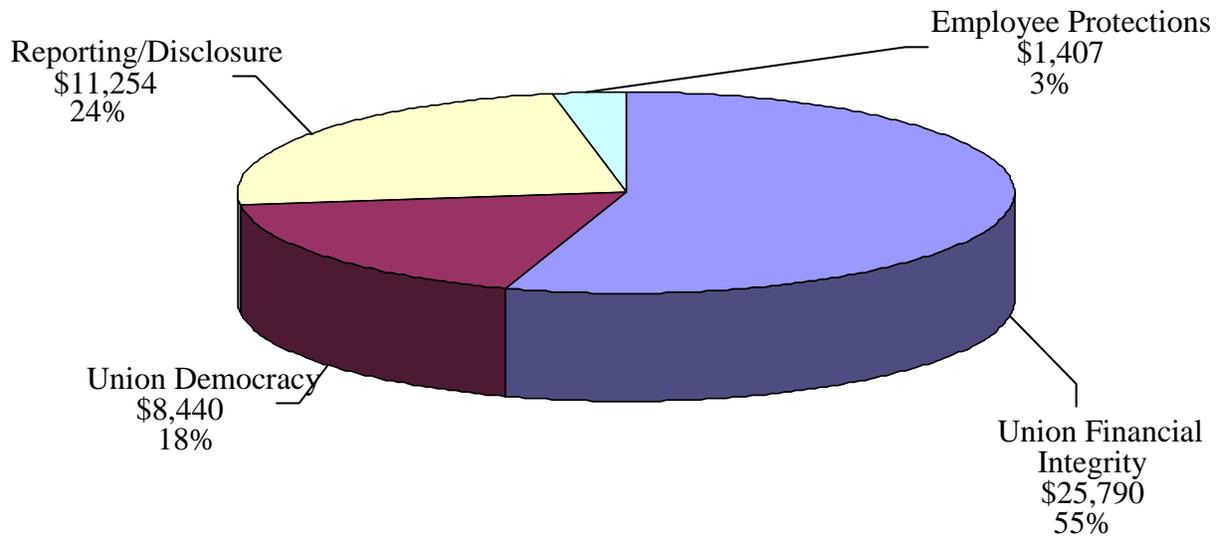
Many of the OLMS workload and performance measures are demand-driven in that case loads are predicated on complaints received by OLMS. Regardless of the number of complaints received, OLMS must investigate these complaints, and OLMS cannot generate additional cases. Therefore, for its demand-driven measures, OLMS sets projections based on historical averages. OLMS investigators are trained to handle all types of cases that may be opened, enabling OLMS to be more efficient by quickly shifting resources between case types.

Cost Model

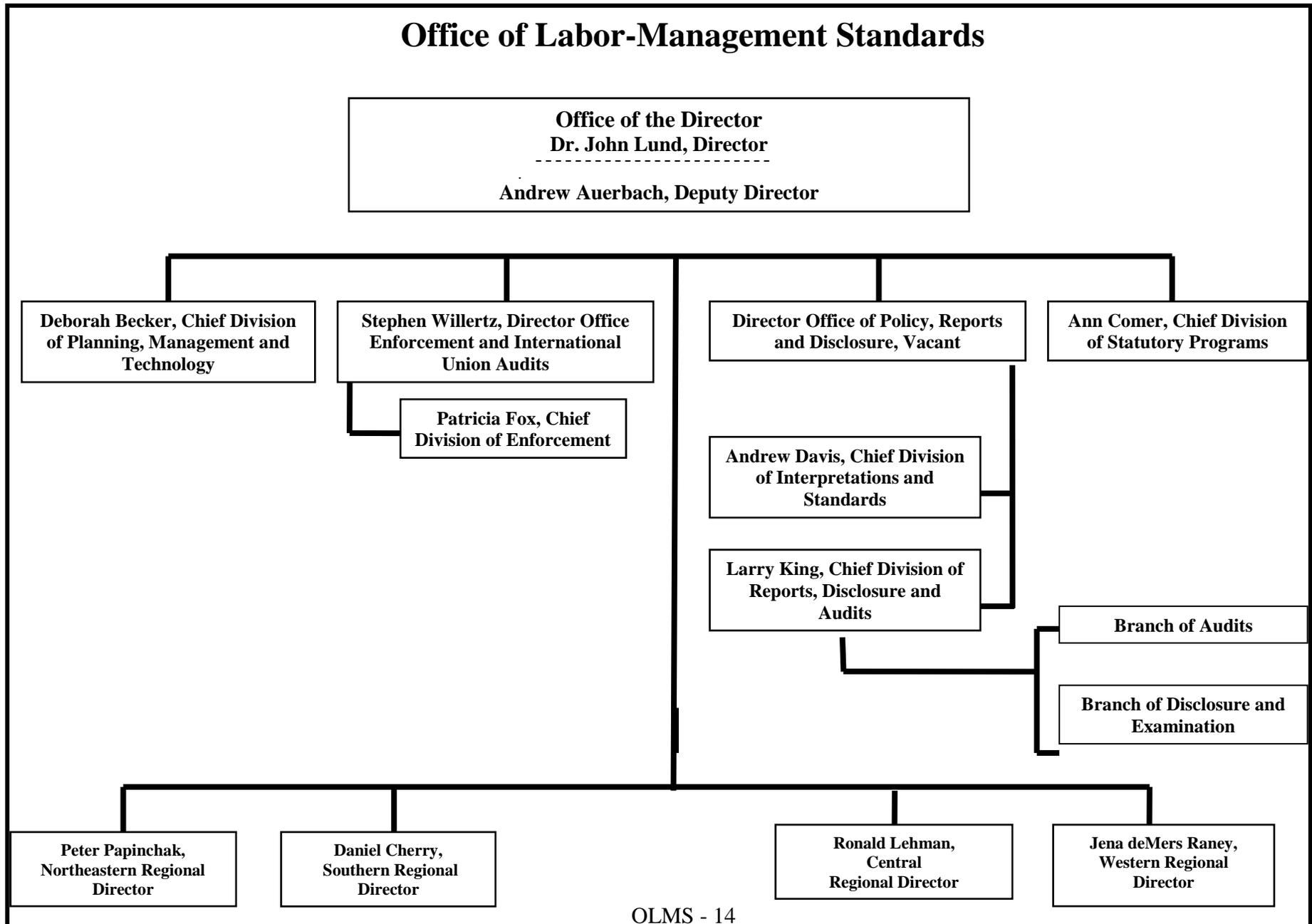
OLMS requests a total of \$46,891,000, an increase of \$5,602,000 over the FY 2012 Enacted level. The funding request will enable OLMS to continue its core mission while maintaining a core enforcement level and includes a program increase of \$4,250,000 for the modernization of the OLMS e.LORS system.

OFFICE OF LABOR-MANAGEMENT STANDARDS

FY 2014 Budget Request by Budget Activity
Total OLMS Budget Request \$46,891,000
(Dollars in Thousands)



OFFICE OF LABOR-MANAGEMENT STANDARDS



OFFICE OF LABOR-MANAGEMENT STANDARDS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY 14 Request / FY 12 Rev. Enacted
Activity Appropriation	41,289	41,542	46,891	5,602
FTE	228	228	229	1

NOTE: FY 2012 reflects actual FTE. Authorized FTE for FY 2012 was 230.

Introduction

OLMS supports the Department’s FY 2014 budget themes of fostering compliance through worker education and worker voice by strengthening its regulatory programs and improving transparency and public disclosure. Reporting and public disclosure are core requirements of the LMRDA. OLMS ensures that workers have ready access to critical information about their labor union, their employers, their collective bargaining agreements, and efforts to influence their decisions on whether to organize and bargain collectively. Labor unions covered by the LMRDA, and related laws, are required to file annual financial reports with OLMS. Other reports, however, must be filed by union officers, union employees, employers, labor consultants, and surety companies. OLMS operates an electronic reporting system for LMRDA reports and an Internet-based public disclosure system that provides public access to information from filed reports.

Investigation of labor union officer elections and embezzlement of union funds are OLMS’ major enforcement activities. OLMS opens an investigation of union officer elections upon the receipt of a complaint from a member that the election was flawed or undemocratic. OLMS conducts union audits under the compliance audit program (CAP) 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 receives credible information indicating fraud or misappropriation of union funds.

Additionally, OLMS has the responsibility under the Federal Transit Act (FTA) to certify that labor protections are in place prior to the approval of Federal transit grants. An employer who receives 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.

Key program initiatives include:

- Increasing the percentage of disclosure reports filed electronically;

OFFICE OF LABOR-MANAGEMENT STANDARDS

- Increasing the effectiveness of audits (by focusing resources on labor unions most likely to be in violation of the law);
- Improving the timeliness in resolving complaints filed by labor union members that their union violated democratic standards for conducting union officer elections;
- Increasing the number of reports filed by employers and consultants who make agreements to persuade employees with regard to their rights to organize and bargain collectively;
- Reducing the number of chronically delinquent filers of Labor Organization Annual Financial Reports;
- Improving the Internet public disclosure service and public access to information reported by unions, union officers, union employees, employers, labor consultants, and surety companies under the Act; and
- Increasing the provision of compliance assistance to national and international labor organizations to increase their affiliates' LMRDA compliance by developing and implementing new voluntary compliance agreements to establish goals, baselines, and measures for improving recordkeeping, reporting, and internal controls.

Through these initiatives, OLMS strives to ensure that workers can be better informed and more effective participants in the governance of their unions. Further, these initiatives allow workers to make informed decisions about union representation and collective bargaining. Through more fiscally responsible and democratic unions, workers may have greater impact through collective bargaining and workplace representation to secure a real voice in their workplace. In the absence of labor union democracy, labor-management transparency, and labor union financial security, workers would be less able to have a meaningful say in their workplace. Hence, with these protections in place, labor unions will be stronger and better able to provide workers with *a voice in the workplace* and help achieve the Department's vision of *good jobs for everyone*.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2009	\$44,938	297
2010	\$41,367	269
2011	\$41,367	249
2012	\$41,289	230
2013	\$41,542	228

FY 2014

For FY 2014, OLMS is requesting \$46,891,000, an increase of \$5,602,000 over the FY 2012 enacted level. This includes a program increase of \$4,250,000 for the modernization of the OLMS e.LORS system. The modernization effort is imperative to support the Department's regulatory efforts and will migrate all paper reporting forms to a web-based format, and establish a cloud based case management system in-line with the Department's enterprise architecture. OLMS also plans to make needed improvements to the Online Public Disclosure Room (OPDR) by improving search capabilities and increasing ease of navigation. Public disclosure is a key

OFFICE OF LABOR-MANAGEMENT STANDARDS

OLMS function, as it is required by statute and is essential to the OLMS overarching goal of increased transparency of labor and management of finances and activities.

Modernizing the OLMS e.LORS system will produce measurable improvement to citizen services, increase transparency, and create administrative efficiencies that result in cost savings. Maintenance costs continue to increase each year for the existing system. By modernizing the IT systems and moving to lighter, more flexible technologies, OLMS is expected to realize, minimally, an estimated annual cost savings of \$622,900 starting in FY 2017. OLMS anticipates providing incremental enhancements to end users and realizing a cost savings of approximately \$240,000 in FY 2016. The system will provide a return on investment in seven years of \$4,360,300.

OLMS completed a Cost Benefit Analysis to identify technologies that would be appropriate for this modernization. This analysis included a cost-benefit study centered on factors such as whether to build or buy system components, technologies to be employed, application hosting, database solutions, security, and risk factors. The recommended solution employs a cloud based solution for part of the investment modernization, thus supporting the “cloud first” policy as iterated in OMB’s policy paper, 25 Point Implementation Plan to Reform Federal IT Management.

OLMS will also continue all core program work in support of the LMRDA and employee protection programs.

FY 2013

Figures shown for FY 2013 reflect the annualized Continuing Resolution (P.L. 112-175) as a full-year appropriation, which had not been replaced or amended at the time the budget was produced. In addition, these numbers do not reflect the impact of sequestration. The operating plans for Department of Labor programs for FY 2013, including sequestration, are being provided to the Committee in a separate communication.

FY 2012

At the enacted funding level of \$41,289,000, OLMS maintained its core functions: administering the LMRDA, and employee protections under the Federal Transit Act. OLMS continued to conduct union audits under the compliance audit program (CAP) to determine the overall compliance with the LMRDA, detect possible union fund embezzlements, and provide compliance assistance to union officials. OLMS also continued to: improve its audit targeting methods to more effectively identify fraud and embezzlement; investigate union officer election complaints in fewer days; and increase financial transparency by reducing chronic delinquency in the filing of disclosure forms.

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

OFFICE OF LABOR-MANAGEMENT STANDARDS

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2012 Revised Enacted		FY 2013 Full Year C.R.	FY 2014 Request
		Target	Result	Target	Target
Office of Labor-Management Standards					
Strategic Goal 3 - Assure fair and high quality work-life environments.					
Outcome Goal 3.3 - Ensure worker voice in the workplace.					
OLMS- RPD-05	Percent of disclosure reports filed electronically	30.5%	37.8%	34.5%	38.5%
OLMS- FI-03	Percent of targeted audits that result in a criminal case	13.75%	13.81%	14.25%	14.75%
OLMS- DEM-01	Average number of days to resolve union officer election complaints	76.0	71.0	75.0	74.0
OLMS- RPD-03	Number of LM-10 and LM-20 reports filed on employer-consultant persuader agreements	615.00[p]	850.00	690.00[p]	765.00[p]
OLMS- RPD-06	Number of chronically delinquent filers of labor organization financial reports	1,870[p]	1,711	1,770[p]	1,670[p]
OLMS- RPD- Workload- 01	Reports Processed	31,000[p]	28,363	31,000[p]	31,000[p]
OLMS- RPD-02	Delinquent Report Investigations	2,145[p]	2,304	2,181[p]	1,800[p]
OLMS- RPD-01	Deficient Report Investigations	259[p]	329	214[p]	225[p]

OFFICE OF LABOR-MANAGEMENT STANDARDS

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2012 Revised Enacted		FY 2013 Full Year C.R.	FY 2014 Request
		Target	Result	Target	Target
OLMS- RPD-04	Union Officer-Employee/Employer/Consultant Report Investigations	115.00[p]	39.00	79.00[p]	115.00[p]
OLMS-FI- 02	Compliance Audits	359	333	321	321
OLMS-FI- 01	Criminal Investigations	288	308	296	296
OLMS-FI- 04-WL	Bonding Investigations	150[p]	86	71[p]	71[p]
OLMS- MISC-05- WL	Number of Voluntary Compliance Agreements in effect	20	32	40	40
OLMS- MISC-04	Customer satisfaction score for OLMS web site users	60[p]	64	61[p]	62[p]
OLMS- MISC-02	Basic Investigations	60.0[p]	51.0	57.0[p]	57.0[p]
OLMS- MISC-03	Participant Hours of Compliance Assistance provided	25,000	21,104	20,000	20,000
OLMS- MISC-07- WL	Employee Protections Certifications	2,400[p]	2,166	2,400[p]	2,400[p]

OFFICE OF LABOR-MANAGEMENT STANDARDS

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2012 Revised Enacted		FY 2013 Full Year C.R.	FY 2014 Request
		Target	Result	Target	Target
OLMS- MISC-08- WL	Claims Arbitrated	2[p]	1	2[p]	2[p]
OLMS- MISC-06- WL	Auxiliary Investigations	300[p]	267	300[p]	300[p]
OLMS- DEM-02	Election Investigations	127.00[p]	123.00	123.00[p]	123.00[p]
OLMS- DEM-03	Supervised Elections	32[p]	25	29[p]	29[p]
OLMS- DEM-04	Trusteeship Investigations	5.00[p]	14.00	6.00[p]	6.00[p]

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

OFFICE OF LABOR-MANAGEMENT STANDARDS

Investigation of union officer elections and embezzlement of union funds are OLMS' two major enforcement activities. Reporting and public disclosure are core requirements of the LMRDA. Labor unions covered by the LMRDA and related laws are required to file annual financial reports with OLMS. Other reports, however, must be filed by union officers, union employees, employers, labor consultants, and surety companies. OLMS operates an electronic reporting system for LMRDA reports and an Internet-based public disclosure system that provides public access to information from filed reports. 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.

Beginning in FY 2012, to support the Department's strategic goal of *protecting worker voice in the workplace*, OLMS redirected resources from lower to higher priority programs. Redirecting resources from lower priority goals allowed OLMS to transform business practices and to increase productivity to promote worker voice through three priority performance goals: 1) union financial integrity, 2) labor-management transparency, and 3) democratic unions.

As one of its priority programs to promote union financial integrity, OLMS identifies instances of embezzlement and fraud by conducting union compliance audits. Success in this program is measured through "fallout" rates – or the percent of audits that identify evidence of fraud or embezzlement resulting in the opening of a criminal investigation. OLMS can more effectively and efficiently use resources to improve protection of union member assets by improving targeting efforts that identify instances where embezzlement is more likely to have occurred. By better targeting audits, OLMS can reduce the assets directed to audits while increasing the percentage of audits that result in the opening of a criminal case. Improved targeting has allowed OLMS to redirect resources from audits to its election and criminal investigation programs. To support this reallocation and to further evidence-based strategies, OLMS established a task force to increase targeting success by carefully analyzing which union characteristics correlate with increased likelihood of union fraud or embezzlement.

OLMS expects to see concrete results from these targeting efforts in FY 2013 and beyond. While OLMS cannot anticipate the number of criminal investigations that will arise from audits, the increased success of the targeting effort, coupled with leads from other sources, should allow OLMS to open 296 new cases annually. The re-allocation of resources from audits to criminal cases will ensure that OLMS can continue to process these investigations at current budgetary levels.

OLMS also promotes worker voice through financial transparency. OLMS will continue to encourage electronic filing of required reports. Electronic filing generates results that:

- allow for almost instantaneous access to the filed reports by the public because those filed electronically appear on the OLMS disclosure web site almost immediately;
- increase the accuracy of the reports because the electronic filing system has built-in accuracy checks; and

OFFICE OF LABOR-MANAGEMENT STANDARDS

- ease the filing requirements on union officials since the system is web-based and employs a fill-in form that works with all major browsers.

In FY 2011, OLMS rolled out the second phase of its Electronic Filing System (EFS), allowing smaller unions (those filing Form LM-3 and LM-4 reports) to use the web-based system. Due to the registration and filing ease of the new system, OLMS expected a significant increase in small union electronic filings. However, due to budgetary limitations, OLMS postponed complete EFS rollout, meaning that some parties – other than smaller unions, but still required to file - had to continue manual filing (approximately 20 percent of the filing universe). As a result, beginning in FY 2013, OLMS scaled back its targets for this measure, and now projects reaching a 46 percent electronic filing rate by FY 2016 – a four percentage point decrease from the original 50 percent target established in 2010.

Due to the greater than anticipated utilization of EFS among filers, electronic filing has greatly exceeded the OLMS year-to-date target. For FY 2012, OLMS had established a target of 30.5 percent of all reports filed being submitted electronically – by the end of the fiscal year, 38 percent of all reports were filed electronically and almost 45 percent of filers with access to electronic filing had taken advantage of that capability. While further increases of the same magnitude are not possible, OLMS will carefully monitor use of the EFS. At present, the target for this goal is 34.5 percent in FY 2013 and 38.5 percent in FY 2014.

If the OLMS request for e.LORS IT Modernization and Transparency were to be funded, OLMS would be able to establish a more ambitious goal for electronic filing. Currently, nearly one-fifth of filers cannot file electronically (over 5,000 filers). OLMS projected that of these 5,000 filers, those entities required to file persuader reports (approximately 1,500 LM-10 and LM-20 reports) would be required to file electronically and about one-third of the remaining filers would avail themselves of the opportunity to file electronically. This would increase the number of electronic filers by approximately 3,000 (about 10 percent of the total filing universe), allowing OLMS to increase its target for this measure to 56 percent. In addition to increasing transparency, OLMS would also expect the modernization effort to result in cost savings in two areas. The present e.LORS system is a legacy system that is approximately 13 years old. This system, due to its age, has relatively high operations and maintenance (O&M) costs. By modernizing the system, OLMS expects costs savings from reduced O&M costs. In addition, as more reports are filed electronically, OLMS can expect cost savings associated with its manual scanning and uploading process, arising from reduced direct contract costs from scanning and internal efficiency costs.

The e.LORS Modernization and Transparency proposal would also allow OLMS to increase its target customer satisfaction score. OLMS uses the American Customer Satisfaction Index (ACSI) to measure how well the OLMS web site serves the public's needs. Over the past decade, Internet technology has advanced, presenting more options to visitors to web sites. Customers have come to expect varied services and ease of use from web sites, and results from the ACSI survey indicate that the visitors to the OLMS

OFFICE OF LABOR-MANAGEMENT STANDARDS

web site are dissatisfied with the navigational aids and search options provided. The modernization effort will directly address these issues, as well as enable OLMS to use modern technology to further enhance the web site. OLMS believes that the modernization effort will result in an increase in the satisfaction score sufficient to allow OLMS to increase its performance goal to 70 in FY 2014 and FY 2015, from 62 and 63 respectively.

The expansion of the Electronic Filing System has additional benefits, including the promotion of transparency as considered by Congress under the LMRDA. While union financial transparency is important to ensuring that members have a voice in their unions, it is equally important to ensure that workers have a voice at their workplace – especially when that voice extends to their rights to organize. Congress intended that employers who contracted with consultants to combat the presence of a union notify interested parties of these contracts within 30 days. By being able to ascertain when an employer has hired a consultant, union members or potential union members can have a more level arena for determining whether to engage a union as its collective bargaining representative. Presently, when employers and consultants submit the required report, OLMS must scan the report before posting it on the OLMS public website, an effort that can take valuable time. Whereas the National Labor Relations Board has the stated goal of holding union certification elections within 45 days of a petition, and given that employers and consultants have 30 days to file the required report, any delay can have a negative impact on transparency and thus on workers' voice.

As the third priority program, OLMS will promote worker voice through free and fair democratic union elections. The agency will continue to redirect resources from lower priority programs to this program. OLMS expects to continue to decrease the number of days required to resolve election case complaints by increasing the use of investigative teams. OLMS has experimented with the use of two member investigative teams for the past two years, finding that teams reduce the number of elapsed days per election case. In addition, OLMS has also implemented a process calling for earlier coordination with the Department's Office of the Solicitor on election cases. Congress intended that election complaints be addressed in a timely and efficacious manner, furthering union democracy and protecting members' voices in their union and their workplace. By more carefully coordinating investigations internally and externally, OLMS has been able to reduce its elapsed time substantially. Because of this success, OLMS reduced its original FY 2012 target from 78 elapsed days to 76 elapsed days and will aim for further reductions in FY 2013 (75 elapsed days) and FY 2014 (74 elapsed days).

Each of these three results increases union financial transparency and democracy, which further protects union member assets and allows members to have an informed voice in union affairs.

In FY 2012, OLMS identified three program areas impacted by the redirection of resources to higher priority programs and one program impacted as a result of more efficient use of resources. The three areas that are directly impacted by reductions are: bonding investigations, deficiency investigations, and compliance assistance seminars. In

OFFICE OF LABOR-MANAGEMENT STANDARDS

the compliance assistance arena, OLMS will continue to balance the shifting of resources by using remaining resources to target larger audiences, allowing OLMS to provide the same number of participant hours of assistance while using significantly fewer resources. Better compliance audit targeting will continue to reduce the need for audits, allowing resources normally employed in these audits to be redirected primarily to criminal and election investigations.

OLMS will maintain its efforts to strengthen its reporting program, with outcomes measured by: 1) customer satisfaction score for OLMS website users, 2) number of “persuader” reports filed by employers and consultants, and 3) number of chronically delinquent union filers.

OLMS has endeavored to effectively use the Internet and other advances in information technology. By updating its technology base and implementing improvements to the agency’s online presence, OLMS has made it easier for unions to file reports, for the public to access these reports, and for OLMS to cost-effectively deliver compliance assistance materials. Results of these efforts are measured by the customer satisfaction score for users of our website.

OLMS’ review of delinquent (untimely) filings by unions indicates that there are two groups of late filers. Unions are either occasionally late in filing their annual reports or they have a consistent pattern of filing late. OLMS expects to use outreach (including Voluntary Compliance Agreements) and liaison efforts to reduce chronic delinquency.

All of OLMS’ program efforts and associated strategies are geared toward ensuring that OLMS continues to operate in an efficient and effective manner. OLMS will continue to assess the rigor and utility of its performance measures, share best practices among the field staff, analyze underlying data to ensure that targets are realistic, and evaluate programs and procedures to determine if changes in operating guidelines or staffing are necessary. Where current performance measures are no longer adequate or conducive to support program priorities, OLMS expects to develop new and appropriate measures that will continue to reflect program effectiveness.

OFFICE OF LABOR-MANAGEMENT STANDARDS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY14 Request / FY 12 Rev. Enacted
11.1	Full-time permanent	21,704	21,077	22,060	356
11.3	Other than full-time permanent	330	320	334	4
11.5	Other personnel compensation	393	368	395	2
11.9	Total personnel compensation	22,427	21,765	22,789	362
12.1	Civilian personnel benefits	6,830	7,072	7,109	279
13.0	Benefits for former personnel	11	11	11	0
21.0	Travel and transportation of persons	920	924	920	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,892	2,801	3,013	121
23.2	Rental payments to others	15	15	15	0
23.3	Communications, utilities, and miscellaneous charges	204	243	204	0
24.0	Printing and reproduction	2	18	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	487	555	487	0
25.3	Other goods and services from Federal sources 1/	4,061	4,415	4,777	716
25.4	Operation and maintenance of facilities	1	0	1	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,211	3,417	7,335	4,124
26.0	Supplies and materials	104	106	104	0
31.0	Equipment	124	175	124	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	25	0	0
	Total	41,289	41,542	46,891	5,602
1/Other goods and services from Federal sources					
	Working Capital Fund	3,625	4,082	4,241	616
	DHS Services	183	283	283	100
	Services by DOL Agencies	63	0	63	0
	Services by Other Government Departments	190	50	190	0

OFFICE OF LABOR-MANAGEMENT STANDARDS

CHANGES IN FY 2014

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$274
Personnel benefits	191
Employee health benefits	48
Moving allowance	0
One day more of pay	0
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	121
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	0
Working Capital Fund	616
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	100
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$1,352**

Net Program **\$4,250**

Direct FTE **1**

	Estimate	FTE
Base	\$42,641	228
Program Increase	\$4,250	1

NOTE: Base reflects actual FY 2012 FTE.